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SMALL BUSINESS COMMISSION
NOTICE OF MEETING CANCELLATION



Monday, January 12, 2015

5:30 PM

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Stephen Adams, President

Monetta White, Vice President

Kathleen Dooley, Mark Dwight, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

The Small Business Commission meeting of January 12, 2015, is cancelled.

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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

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cancelled



SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, January 26, 2015
2:00 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

This meeting is televised live on SFGovTV/2, or can viewed via live streaming

SMALL BUSINESS COMMISSIONERS

Stephen Adams, President

Monetta White, Vice President

Kathleen Dooley, Mark Dwight, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

1. Call to order and roll call.

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Introduction to the new Small Business Development Director Angel Cardoz.** (Discussion Item)

4. **Update and discussion on OSB preparation for the Legacy Business Program.** (Discussion and Possible Action Item)

5. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, City programs, recent announcements from the Mayor, newly introduced policy matters, update on legislative matters, and announcements regarding small business activities. (Discussion Item)

6. **Election of Officers – Small Business Commission President:** In accordance with the Commission's Rules of Order, Article II, Section 3, an election of the President must occur at the regular meeting of the Commission in January of each year. The President shall serve a term of one year, and shall be elected upon a vote of the Commission. (Action Item)

7. **Election of Officers – Small Business Commission Vice President:** In accordance with the Commission's Rules of Order, Article II, Section 3, an election of the Vice President must occur at the regular meeting of the Commission in January of each year. The Vice President shall serve a term of one year, and shall be elected upon a vote of the Commission. (Action Item)

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8. **Discussion and possible action to make recommendations to the Planning Commission on the current Small Business Priority Process Pilot Program to a proposed community business priority program.** (Discussion and Possible Action Item)

Presentation by: Dan Sider, Planning Department

9. **Presentation on the Planning Department "Small Projects Team".** The Planning Department has established a team of Planners dedicated to small projects only. (Discussion Item)

Presentation by: Dan Sider, Planning Department

10. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
11. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
12. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
13. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)
14. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
15. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

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SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, February 9, 2015

5:30 P.M.

CITY HALL, ROOM 400

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FEB 09 2015

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

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1. **Call to order and roll call.**

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Presentation and Discussion on the City and County of San Francisco Economic Strategy Report.** (Discussion Item)

Presentation by: Ted Egan, Chief Economist for the City of San Francisco and
Todd, Rufo, Director, Office of Economic and Workforce Development

4. **Informational Briefing on the City's Disaster Assistance to the 1/28/2015 Mission Business Fire Victims.** (Discussion Item)

5. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)

6. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

7. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

8. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

9. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

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10. New Business: Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)

11. Adjournment. (Action Item)

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SAN FRANCISCO

**ECONOMIC
STRATEGY**

Supervisor Mark Farrell
Ted Egan, Office of Economic Analysis
Todd Rufo, Office of Economic and Workforce Development
Laurel Anvanitidis, Office of Economic and Workforce Development
Tamsen Drew, Office of Community Investment and Infrastructure
Jess Montejano, Supervisor Farrell's Office
Design by Phillip Wong

Sarah Ballard, Recreation and Parks Department
Maria Cordero, Contract Monitoring Division
Tom DeCaigny, San Francisco Art Commission
Jason Elliot, Mayor's Office
Ivy Fine, San Francisco Public Utilities Commission
Jaci Fong, Office of Contract Administration
Gillian Gillett, Mayor's Office
Jane Gong, Department of Technology
Darton Ito, San Francisco Municipal Transportation Agency
Rebekah Krell, San Francisco Arts Commission
Timothy Papandreou, San Francisco Municipal Transportation Agency
Eric Pawlowsky, Recreation and Parks Department
Maria Su, Department of Children, Youth and Their Families
Ron Vinson, Department of Technology
Steve Wertheim, Planning Department

Outreach:

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Golden Gate Restaurant Association
Hospital Council
Hotel Council
Renaissance Center
San Francisco Bar Owners Alliance
San Francisco Center for Economic Development
San Francisco Chamber of Commerce
SFCTI
SFMade
Small Business California
Small Business Network
SPUR
SVLG

ACKNOWLEDGMENTS

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ECONOMIC STRATEGY



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EXECUTIVE SUMMARY

The City's Economic Strategy provides a framework and a roadmap for San Francisco's economy. It prioritizes goals and makes recommendations to ensure the overall economic health of the City continues to thrive, while creating jobs that align with the skills and education of San Francisco's workforce and residents.

In The 2014 Economic Strategy "Balancing San Francisco's Economy For All," the City provides an overview of the findings and conclusions of the 2007 Economic Strategy; evaluates the performance of San Francisco's economy; evaluates the barriers to job growth; provides an update on City's economic performance; and outlines further recommendations to ensure a robust economy that serves all San Franciscans.

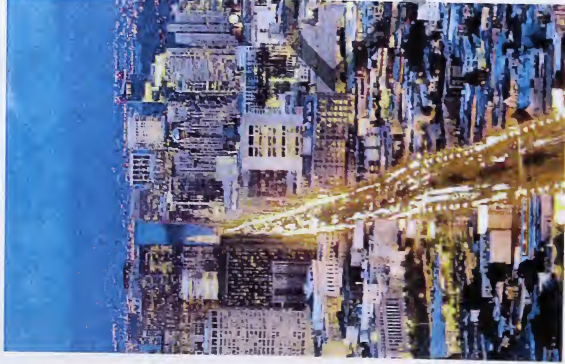
The 2007 Economic Strategy found that while the San Francisco economy was strong, the overall trend was one of uncertainty: slow job growth, uneven wage growth, capacity of the infrastructure, large segments of the population with barriers to employment, and an expensive and challenging business climate. San Francisco's economy today is in a much different environment than it was in 2007; however, the overarching goals outlined in 2007 remain the same in 2014:

- 1 Create job opportunities by building on our strengths to promote greater overall economic growth
- 2 Ensure greater inclusion and equity in job opportunities, with an aim to reducing inequality
- 3 Ensure a sound fiscal footing for the City by encouraging industries with a positive fiscal impact

In order to continue to ensure the overall competitiveness of San Francisco's economy, the City needs to continue to implement programs and policies aligned with the 19 recommendations. In particular, the City should focus on the following action areas:

- Reduce labor costs by building more housing in San Francisco, especially for the middle class workforce.
- Continue to develop career pathways that promote job mobility and advancement
- Ensure a successful transition to the new Gross Receipts Tax
- Streamline business regulation and process
- Assist businesses facing rising real estate costs
- Maintain and expand support for local-serving industries.
- Continue to focus on four main strategic priorities

The 2014 Economic Strategy "Balancing San Francisco's Economy for All" was prepared in partnership with the Controller's Office of Economic Analysis (OEA) and many other city departments.



INTRODUCTION

In 2004, San Francisco voters approved Proposition 1, which required the Office of Economic and Workforce Development (OEWD) to prepare and regularly update an Economic Strategy for the City. In 2007, the City published the Economic Strategy, Sustaining our Prosperity: the San Francisco Economic Strategy. This report is an update to the 2007 Economic Strategy and was prepared in partnership with the Controller's Office of Economic Analysis (OEA) as well as other departments.

Cities need a strategy to attain global competitiveness and thrive in a global economy. At the same time, they must then leverage that competitiveness to achieve broader social and economic goals that improve the quality of life for all residents. Proposition 1 directed the Economic Strategy to focus on identifying and developing industries that have the potential to create good jobs that align with the skills and education of San Francisco's residents.

The 2007 Economic Strategy included a framework for understanding the City's economy, identified priority industries to achieve the City's economic and workforce development goals, and included a set of policy goals and recommended actions.

This report is organized into four main chapters: Chapter 1 provides an overview of the findings and conclusions of the 2007 Economic Strategy; Chapter 2 evaluates the performance of the San Francisco economy; Chapter 3 evaluates the barriers to job growth; and Chapter 4 reports on the actions the City has taken on the recommended actions of the Economic Strategy. The Conclusion will summarize the findings of the update detail future action areas for the City.

I

OVERVIEW OF THE 2007 ECONOMIC STRATEGY

1.1

**Economic Strategy Framework:
Sustainable Prosperity Framework**

1.2

Economic Performance

1.3

Economic Drivers and Strategic Priorities

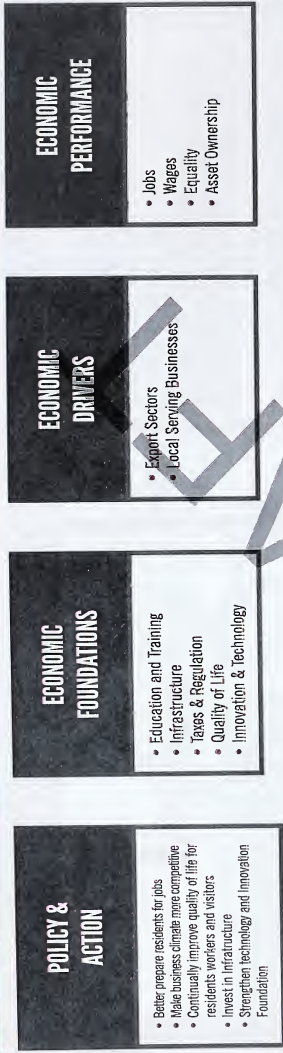
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Economic Foundations

1.5

Policy Goals and Recommendations

ECONOMIC STRATEGY FRAMEWORK: SUSTAINABLE PROSPERITY FRAMEWORK



The sustainable prosperity framework consisted of four levels:

- Level 1 — Economic Performance: Economic Performance is the set of economic outcomes that people care about—specifically: unemployment, wages, inequality, migration, and business and asset ownership.
- Level 2 — Economic Drivers: Economic drivers are the industry sectors that power the city's economic performance. The sustainable prosperity framework requires building globally competitive export sectors around specific industry clusters, which are based on a durable competitive advantage that cannot be quickly eclipsed by other regions.
- Level 3 — Economic Foundations: The city's competitive advantages are rooted in its economic foundations—the local assets that distinguish it from other places and allow companies to add value in distinctive ways. Economic foundations include the educational level of the workforce, the quality of life, the region's infrastructure, innovative institutions, and the tax and regulatory climate for business.
- Level 4 — Policies and Actions: These foundations are not the exclusive work of the private sector. Public policy and government actions have a decisive impact on the strength of these foundations.

The Sustainable Prosperity Framework summarized that to improve the City's economic performance, San Francisco would need to support its economic drivers. These drivers; however, depended on strong foundations and these foundations could be positively or negatively affected by public policies. The 2007 Economic Strategy served as a guide for the application of policies and actions in order to achieve economic goals.

Values and goals were at the heart of local economic strategy. Based on outreach and analysis, the 2007 Economic Strategy identified three primary goals, which shaped the strategy:

1. Create job opportunities by building on our strengths to promote greater overall economic growth
2. Ensure greater inclusion and equity in job opportunities, with an aim to reducing inequality
3. Ensure a sound fiscal footing for the City by encouraging industries with a positive fiscal impact.

The 2007 Economic Strategy measured progress towards these goals through the "economic performance" of the city. The Economic Performance of the City included five key metrics — jobs, wages, inequality, population and business/asset ownership.

- **Job, Wages and Inequality:** The 2007 Economic Strategy found that overall San Francisco experienced significantly slower job growth than its neighboring suburbs for many decades. A growing number of upper-income professional and technical jobs with rising wage made San Francisco attractive to highly educated people who moved here from around the United States and the world. But, at the same time, a decline in middle-income production and office/administrative jobs, steady growth in low-wage service jobs, and highly uneven patterns of wage increases among industries meant that many workers in San Francisco were not benefitting from the rising average wage. These job trends exacerbated income inequality in San Francisco, which had a pronounced racial dimension.

- **Population:** The 2007 Economic Strategy found that more low- and middle-income longtime residents were leaving the city and were replaced by primarily young single people from elsewhere in the U.S. during the 1990s, and immigrants from around the world, primarily from Asia, and particularly from China. Along with highly skilled, high wage earners, San Francisco's population consisted of a large number

of workers with barriers to employment, and in many cases multiple barriers to employment. These barriers, which ranged from limited English proficiency, medical problems, substance abuse, mental health problems, and disability, limited both the employment prospects and earning potential of many residents.

- **Small Business/Asset Ownership:** The 2007 Economic Strategy found that between 1969 and 2003, small businesses and self-employed residents grew in San Francisco relative to salaried employment. The large business share of the City's total job base had also fallen by 50%, and self-employment in San Francisco was over a 35-year period. During this time, salaried employment in San Francisco was essentially flat. The expansion of small businesses created an alternative path to address the City's high rates of asset poverty and economic insecurity, but the report found that racial and gender patterns of inequality in business ownership would need to be addressed before this potential alternative path to economic security could become a reality.



fiscal impact. The following summarizes the major industry sectors and their role in supporting the economic performance goals:

- **Knowledge Sector:** The knowledge sector consisted of companies that created economic value because of the knowledge and know-how they develop for their customers. The 2007 Economic Strategy found that most knowledge sector industries had relatively high impacts driven largely by high wages, which created significant multiplier effects for local-serving businesses in San Francisco. These industries did well in providing quality jobs for San Franciscans without a four-year degree. The strategy found that expanding the range of knowledge-based start-ups, and retaining those companies in San Francisco as they grew, would in time, deliver a new generation of middle-income jobs in emerging industries where the region has a strong competitive advantage.
- **Experience Sector:** The experience sector is the visitor industry and it included companies who created economic value for non-residents based on the quality of the experience they provide, whether in hospitality, arts and culture, museums, or other sources of recreation and entertainment. The 2007 Economic Strategy found that the impact of the experience sector industries was mixed. While they offered significant entry-level employment opportunities, they did not provide as many higher-paying jobs for the less-educated as other sectors. While retail generally had low multipliers, the experience sector industries scored very strongly on fiscal impact. They were the largest source of sales tax and accommodations tax revenue for San Francisco. The economic strategy concluded that by upgrading the experience sector, it would ensure that San Francisco remained a global leader in tourism, thus keeping higher quality jobs in the city.
- **Human Services:** The human services sector includes all businesses and non-profit organizations that provided services to residents, ranging from education and health to business and personal services. The 2007 Economic Strategy found that the human services sector industries had an average impact, with several industries offering many quality job opportunities through the offset by the average multiplier effects and low fiscal impacts, due to the tax-exempt status of many organizations.

The 2007 Economic Strategy highlighted that like every major city, San Francisco's economy is fundamentally shaped and influenced by its trading relationships with the rest of the world. The sustainable prosperity framework required building global competitive export sectors, around specific industry clusters. This was based on a durable competitive advantage that could not be quickly eclipsed by other regions. The city's economic structure consisted of two export-oriented sectors composed of knowledge and experience sectors, and two local-serving sectors composed of the human services and physical infrastructure sectors. These economic drivers were the sectors that power the city's economic performance. The 2007 Economic Strategy summarized the city's economic drivers in Figure 1.

The 2007 Economic Strategy prioritized these four industry areas based on their ability to advance the three goals outlined in the Economic Performance section. Specifically, the Strategy evaluated industries based on the extent to which sectors created economic spillovers through the local multiplier effect, whether the industries offered quality jobs for San Franciscans without a four-year degree, and whether the industries had a positive

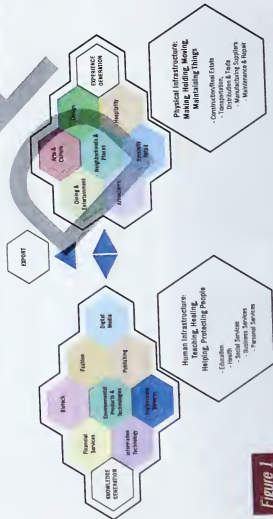


Figure 1

- Physical Infrastructure: The physical infrastructure sector included organizations that created value by working with physical things: manufacturing, construction, transportation, warehousing, storage and distribution, and maintenance and repair. The 2007 Economic Strategy found that the physical infrastructure industries, along with those in the knowledge sector, had the highest overall impacts. Physical infrastructure industries offered the highest- paying employment to workers without a four-year degree, and their multiplier effects were relatively strong. The Strategy concluded that strengthening the physical infrastructure sector would stem the rate of job decline in these industries; protecting and creating the conditions to add more middle-income jobs.

While different, all four sectors were interconnected. Export sectors depended on local serving to support and sustain their growths. Similarly, local-serving sectors were heavily dependent on the competitiveness and success of the export sectors.

Within these four industry sectors, the 2007 Economic Strategy recommended four "Strategic Priorities." The strategic priorities were those segments of the economy whose targeted development would advance the goals of the strategy because these industries had the desired impacts with feasible growth. The four strategic priorities are described below:

1. Strengthening the Physical Infrastructure Sector: Jobs in the physical infrastructure sector had declined. Because these industries provided relatively good jobs for workers without a four-year degree, the Strategy prioritized strengthening this sector.
2. Upgrading the Experience Sector: The City needed to continue to grow the experience sector in ways that would deepen and enhance the experience. In addition to increasing the number of visitors, San Francisco needed to continuously develop new ways of encouraging visitors to spend more during their stay. The Strategy prioritized broadening the range of experience in various neighborhoods with events by developing more unique restaurants, museums, attractions, boutiques, theaters, architecture, and other forms of the urban experience, in both core tourism areas

and in the neighborhoods.

3. Retaining Large-Knowledge Sector Companies: Larger companies tended to create greater numbers of middle income jobs including – administrative, operations, finance and in other similar fields. San Francisco was losing middle-income knowledge-based jobs in larger financial services and from companies with corporate headquarters located in San Francisco. The Strategy prioritized retaining large knowledge sector companies in order to retain middle income jobs in San Francisco.

4. Expanding Knowledge Sector Start-Ups: San Francisco was a strong location for knowledge sector firms within emerging industries to start. These firms tended to create jobs mainly for workers with a four-year degree. The Strategy prioritized continuing to grow a more diverse set of knowledge-based start-ups, and encouraging these companies to stay and expand in San Francisco. By keeping early stage companies in San Francisco as they grew, it would increase the number of middle income jobs in the city.



ECONOMIC FOUNDATIONS

Economic foundations are the city's attributes that drive the competitiveness of San Francisco's key sectors. The 2007 Economic Strategy identified five core foundations of San Francisco's economy: education and training, governance and business climate, quality of life, infrastructure and technology and innovation. These foundations were powerfully shaped by government policy and actions. Strong economic foundations could promote economic development, while weak foundations could become barriers to business growth. The 2007 Economic Strategy summarized each foundation:

- **Education and Training:** San Francisco's labor force was perhaps the City's greatest asset. Despite having one of the highest educational attainment rates in the country, key challenges remained. In particular, there was a disconnect between the skill-level of San Francisco's residents and the employment potential in the growing knowledge sector.
- **Governance/Business Climate:** San Francisco was one of the most expensive locations in the world for both businesses and consumers. Several aspects of the business climate in San Francisco were serious deterrents to competitiveness, including a relatively high business tax, a regulatory climate that is perceived as burdensome and high costs for new commercial and residential development.
- **Quality of Life:** San Francisco's quality of life was the fundamental driver of the City's experience sector, and central to retaining and attracting talent. Maintaining San Francisco's quality of life was critical to the City's competitiveness. The 2007 Economic Strategy identified several key challenges: enhancing neighborhood commercial areas, continuing to promote San Francisco as a center for arts and creativity, and improving parks and open space.
- **Infrastructure:** Quality infrastructure drove the city's economic development; however, San Francisco's ability to grow hinged on the capacity of local and regional transit systems to transport large numbers of workers into its employment centers, in a timely and efficient manner. The City would need to ensure appropriate levels of interstate are set aside to achieve key sector priorities, in addition to taking steps to

ECONOMIC DRIVERS

reduce the cost of new residential and commercial development.

- **Innovation and Entrepreneurship:** San Francisco was a strong location for starting a new business. In order to position the city for continued growth in new and emerging sectors, the city would need to focus on new business financing, research and development, business incubation and other inputs critical to the launch of new businesses.



ECONOMIC PERFORMANCE

The 2007 Economic Strategy concluded by proposing policies and actions to strengthen the City's economic foundations (education and training, governance/business climate, quality of life, infrastructure and innovation) so that they aligned with the four strategic priorities (strengthen the physical infrastructure sector, upgrade the experience sector, retain large knowledge sector companies and promoting knowledge sector start-ups). Below is a summary of the policies and actions organized by the four strategic priorities.

1. Strengthen the Physical Infrastructure Sector: Strengthening the physical infrastructure sector of the economy would require creating competitive industrial areas in the city — space for industrial firms, infrastructure that services industrial firms, as well as workforce programs and business financing and assistance programs that are tailored to the unique needs of this sector.

2. Upgrade the Experience Sector: Upgrading the experience sector — by improving the quality and value of the experience the City provides to all visitors — would increase spending visitor spending and drive job opportunities (and wages) in San Francisco. As the San Francisco Travel business plan states, the mission should be to “ensure that San Francisco is the most compelling destination in the world”. The city could support this mission by focusing on the economic foundations of quality of life and workforce. From a workforce perspective, an upgraded experience sector would hinge on a workforce that is able to offer high-quality service. This would require specialized training and allow the city to eventually be able to offer a broader range of quality jobs within the industry.

3. Retain Large Knowledge Sector Companies: Retaining growing knowledge-sector firms in San Francisco would require making the City as competitive as possible with alternative locations in the Bay Area. San Francisco's business taxes were very high by Bay Area standards and housing costs contributed to the high labor costs. Both of these factors encouraged large businesses, in particular, to expand outside of the City. The city's proximity to regional transit made San Francisco an optimal city for workers, especially for those to access the downtown area where it had the highest

density. Infrastructure, governance/business climate, and workforce were the most important economic foundations related to this priority.

4. Expand Knowledge Sector Start-Ups: Expanding knowledge sector start-ups in San Francisco would require actions across all five economic foundations. The 2007 Economic Strategy found that success required a greater emphasis on commercializing research to generate businesses and jobs, continuing to improve the quality of life to attract talented people to San Francisco, making the most of its telecommunications infrastructure, and renewing efforts to support entrepreneurship and small businesses in the City. Success also would require building and enhancing workforce development programs in emerging industries in order to prepare San Francisco residents for new jobs.

To achieve accelerated growth in these four areas, the strategy proposed policy goals and recommended actions that were aligned with the five economic foundations, which is summarized in Figure 2.

Figure 2

	Workforce	Governance/ Business Climate	Quality of Life	Infrastructure	Technology
Expand Knowledge Sector Start-Ups					
Retain Large Knowledge Sector Companies					
Upgrade the Experience Sector					
Strengthen the Physical Infrastructure Sector					

POLICY & ACTION

ECONOMIC EDUCATIONS

ECONOMIC DRIVERS

ECONOMIC PERFORMANCE

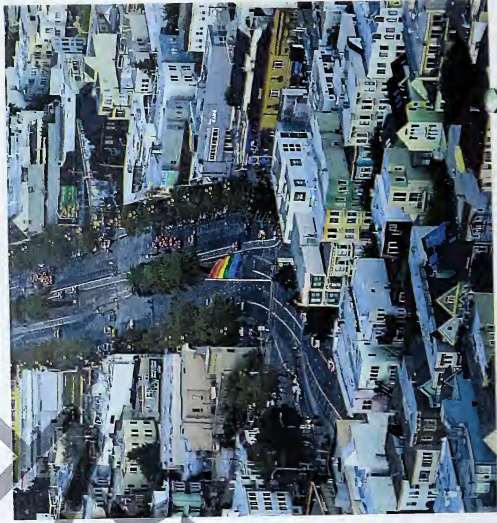
The following is a summary of the 19 policy goals and recommended actions in the 2007 Economic Strategy:

1. Education and Training

The 2007 Economic Strategy found that San Francisco's pool of highly educated workers forms the basis of the city's competitiveness in the knowledge sector. Significant work was needed to better prepare many residents, particularly youth, and those with multiple barriers to employment, for sustainable positions in these and other industries. The strategy proposed the following goals for improving education and job training opportunities to better link residents to opportunities in the priority sectors of the economy.

- 1.1. Create a Coordinated Workforce Development Strategy for the City around the Economic Development Priorities: The City should consolidate authority over workforce policy within the Office of Economic and Workforce Development (OEWD), in order to improve accountability and outcomes. OEWD should immediately revamp the federally mandated Workforce Investment Board (WIB), adding senior employer representatives from priority industry sectors and develop a customer-driven workforce training system that focuses on the dual needs of employers and employees. OEWD and the WIB should create a City-wide strategic workforce plan based on the priority sectors of this strategy that identifies the job training needs of San Francisco residents, and creates multiple access points and streamlined pathways to assist job-seekers in moving toward self-sufficiency.
- 1.2. Better Prepare San Francisco's Youth for Careers: OEWD should collaborate with the San Francisco Unified School District (SFUSD) to establish formal school-to-work and pathways to jobs in priority sectors and promote better collaboration between SFUSD and employers. OEWD should collaborate with the Department of Children, Youth, and their Families (DCYF) to strengthen alignment of their programs with industry sectors.

- 1.3. Close the Digital Divide: Implement Digital Inclusion Initiative to support all San Franciscans in acquiring the technology and skills needed to use the Internet to access jobs, education, healthcare, government services and other information services. Increasing Internet access and competence among disadvantaged residents would significantly expand opportunities for those San Franciscans to participate in the growing knowledge sector and economy.



2. Governance and Business Climate

The high cost of doing business in San Francisco, and perceptions of an unfriendly business climate were the two most-cited barriers to business growth and economic development in the City. The 2007 Economic Strategy found if the City is to attract, retain and grow jobs — across all sectors and job types — it must work to offer a competitive business climate relative to Bay Area standards.

- 2.1. Create a Local Tax Policy That Promotes the City's Economic Development
Priorities: The City should convene a working group to develop alternative tax systems to the City's payroll tax, which disincentivizes job growth.
- 2.2. Increase Business Outreach and Private Sector Partnerships: OEWD should create an ongoing citywide marketing and outreach program to inform businesses about incentive programs, business assistance and relevant policies. OEWD and private sector economic development organizations should increase coordination and expand efforts around external business development and marketing.
- 2.3. Streamline Business Interaction with the City Government: The City should ensure that 311 can take initial business assistance requests. OEWD should deploy a web portal that includes a clear and detailed road map for starting a business. OEWD should create a physical "one-stop" technical assistance center for small businesses staffed by a team of case managers.
- 2.4. Evaluate and Refocus the City's Assistance Programs for Businesses: The City needs to evaluate and coordinate business assistance programs. The City should evaluate the needs, and level of demand, of the local business community for technical and financial assistance. OEWD should develop a strategic plan for business assistance that designates roles and responsibilities.
- 2.5. Evaluate Economic Impact of City Policies on Business: Prepare an economic impact report whenever proposed legislation affects the goals, strategic priorities, or broad policy directions of this economic strategy.

- 2.6. Use City Purchasing and Regulation to Promote Competitiveness in Priority Sectors:
Increase outreach, assistance and efficiency of the City's contracting process.
Take a strategic approach to government procurement to advance the goals of the Economic Strategy.

3. Quality of Life

The quality of life foundation determines San Francisco's ability to upgrade its experience sector by helping to build and sustain the City's pool of skilled workers, which is vital to continued growth and innovation in the knowledge sector. The 2007 Economic Strategy found that while San Francisco had great economic strength in its quality of life, it also faced many challenges. The strategy proposed the following goals and recommendations related to quality of life:

- 3.1. Upgrade Neighborhood Commercial Areas: The San Francisco Travel Association should expand its tourism marketing to include neighborhood districts, in order to increase the number of visitors to these areas. OEWD should continue and expand neighborhood economic development programs. The City should increase investment in maintaining and beautifying neighborhood commercial districts.
- 3.2. Encourage Creativity by Continuing to Develop San Francisco as a Center for the Arts: The City needs to retain and expand its role as major national center of the arts. The City should increase the supply of affordable housing, support new presenting opportunities for artists, connect artists to business assistance resources, and coordinate with San Francisco Travel on expanding arts and cultural tourism.
- 3.3. Recognize and Enhance the Value of Parks and Open Spaces: The City needs to identify long-term funding solutions for park and open space maintenance to ensure that these remain high-quality amenities that continue to be valued by residents and visitors.

POLICY & ACTION

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ECONOMIC PERFORMANCE

4. Infrastructure

The 2007 Economic Strategy found that creating and maintaining the City's infrastructure is especially necessary in order to both retain large knowledge sector companies in San Francisco as they grow, and strengthen physical infrastructure businesses that focus on making, moving, and storing manufactured goods. The strategy included the following goals for infrastructure:

- 4.1. Provide Sufficient Real Estate for Strategic Priorities: The Planning Department should ensure the needs of the four strategic priorities are reflected in its area plans and community benefits programs. The City needs to provide a clear and rational land use entitlement process. Future land use planning should emphasize the creation of zoning that supports emerging, growth industries and other priorities of this strategy, including sufficient space for companies in the physical infrastructure sector.
- 4.2. Maximize San Francisco's Accessibility to a Local and Regional Workforce: The City along with other government agencies, should fund, implement, and support major transit investments with priority placed on projects that increase the regional accessibility to San Francisco including the Transbay Transit Center, the extension of Caltrain, high speed rail and through the expansion of BART to increase capacity in the city. The SF Municipal Transportation Agency (MTA) and the City should fund efforts to improve the reliability and efficiency of the transit system and develop bicycle and pedestrian projects.
- 4.3. Work to Reduce the Cost of Residential and Commercial Development: The City should improve the entitlement and permitting process to reduce development costs and improve efficiency. It should also create area plans with program environmental impact reviews (EIRs) that reduce the need for EIRs associated with specific projects.

5. Technology and Innovation

Across the region, there was an impressive array of facilities, institutions, and infrastructure that effectively convert ideas into jobs and economic development. As the City seeks to broaden its base of high technology businesses to take advantage of those opportunities, strong technology foundations must be a central element of San Francisco's economic strategy. The City should pursue the following policies to strengthen its technology and innovation foundations:

- 5.1. Support Commercialization of Research and Technology: OEWD should support the creation of incubators and other space for early-stage companies. OEWD should explore partnerships with universities and research institutions to develop additional research institutes in San Francisco.
- 5.2. Improve Telecommunications Infrastructure for Information-Intensive Industries: The City should ensure that broadband infrastructure is available at competitive prices and levels of service. The City should consider making the unused capacity of broadband infrastructure available to businesses at a reasonable cost.
- 5.3. Support Efforts to Create More Investment Vehicles for Startups: Support private sector efforts to create a San Francisco focused seed-capital investment fund, support state and federal policy changes that facilitate investment, and work with entrepreneurs and investors to develop recommendations on supporting new company growth and success in San Francisco.
- 5.4. Identify, Evaluate and Support Emerging Industries: OEWD should leverage the expertise of industry representatives to advise the City on which emerging industries both best meet the City's economic development objectives and can succeed in San Francisco.



ECONOMIC PERFORMANCE 2004-2010

2.1

San Francisco's Economy in Context

2.2

The Structure of the
San Francisco Economy

2.3

Workforce Trends

2.4

Demographic Trends



SAN FRANCISCO'S ECONOMY IN CONTEXT

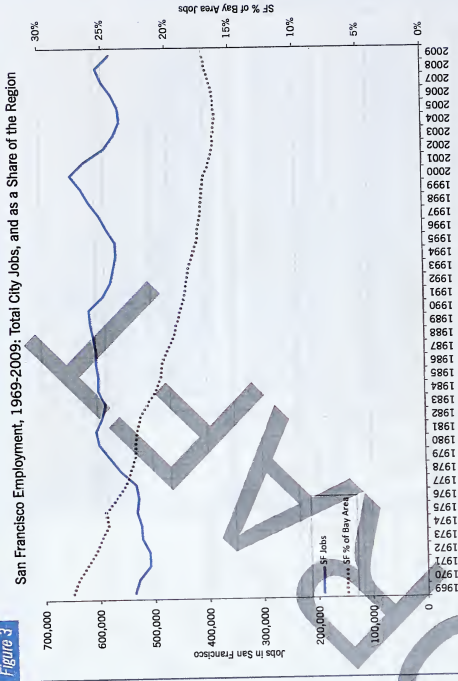
The analysis presented in this report is drawn from data produced in the last full business cycle, — 2004 to 2010, drawing on trends that emerge from the trough of the 2004 business cycle to the trough of 2010. The economic strategy takes a long-term perspective on growth and change in the city's economy. To get the clearest sense of the longer-term direction of the economy, the report is adjusted for the state of the business cycle. In areas where more recent information is relevant to the discussion, it is presented.

By comparing low point to low point in the economic cycles as has been done here, we can be sure that the results are comparable — comparing a peak in an economic cycle to a valley, would provide skewed results would not be helpful for analysis.

Historically, employment in San Francisco has changed little over the past 30 years. Comparing business cycles, the City had fewer jobs during the 2008 peak than it did at the peak of the 1981 business cycle. Over the past 40 years, the number of jobs has remained the same while the percentage of San Francisco's jobs in relation to jobs throughout the Bay Area has declined. See *figure 3*

In 1969, 28 percent of the jobs in the Bay Area were in San Francisco. By 2009, only 17 percent of the region's jobs were in the City. However, San Francisco's share of the Bay Area's jobs increased slightly since 2005, in part due to slower regional growth caused by the severity of

Figure 3



the recession in other parts of the Bay Area. Since 2010, trends show a fundamental change in the preferences of businesses. It is expected that San Francisco will continue to see its share of the regional job growth continue to climb.

During the 2004-2010 business cycle, San Francisco's relatively slow employment growth was attributed to

population growth in other Bay Area counties. As cities throughout the Bay Area increased in population, they also had a greater need for Local-Serving Industries, such as retail and healthcare resulting in slower growth within these industries in San Francisco. There was also a slower growth trend in key parts of the city's economic base that was not tied to the local population, such as advanced Financial & Professional Services.

Economic Recovery – 2010 to Present

Since hitting the trough of the last business cycle in 2010, San Francisco has demonstrated its economic resiliency and recovery. In 2012, total employment in the city reached pre-recession levels¹, and, since reaching this milestone, the unemployment rate has continued to steadily decline – standing at 4.4% as of the publishing of this report².

Today, the city is also out performing other large counties throughout the country. Between 2011-2012, San Francisco was the fastest growing large county in the United States as measured in annual private sector job growth. San Francisco's recovery occurred across sectors with every sector in the city's economy outpacing the US growth rate³.

San Francisco Private Sector Employment:

2007-2012

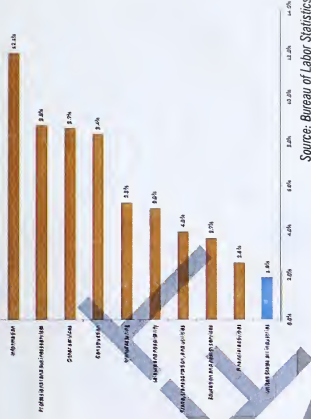


¹ Bureau of Labor Statistics, 2013

² California Employment Development Department, 2014

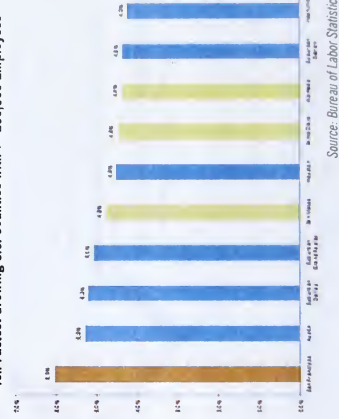
³ Bureau of Labor Statistics, 2013

Employment Growth Rate, 2011-12: San Francisco Sectors and the U.S. Average



Annual Private Sector Employment Growth Rate, 2011-12:

Ten Fastest Growing U.S. Counties with > 250,000 Employees



STRUCTURE OF THE SF ECONOMY

Export Industries Driving Local Serving Industries

In Chapter One, the 2007 Economic Strategy divided the city's economy into two categories: Export Industries and Local-Serving Industries. The Export Sector created connections through the trade of ideas and services with the region, nation and the world. San Francisco's economy continues to be fundamentally shaped by its Export Sector's relationship with the rest of the region, country and world today. *Figure 4* illustrates the structure of San Francisco's private sector economy.

Export Industries: In the 2007 economic strategy, there were two types of export sectors – the knowledge sector and the experience sector. Given the growth of the technology sector, media, and design, as drivers in the city's export sector, and its differentiation from the financial and professional services, this update divides the knowledge sector into two separate groups: "Financial and Professional Services" and the "Creative Industries". The Experience sector remains unchanged as San Francisco's Export Sectors can be summarized as follows:

1. **Financial & Professional Services:** Includes businesses that provide accounting or legal services, administrative services as well and banking and insurance companies.
2. **Creative Industries:** Includes technology companies, education, architecture, advertising, and design firms as well as traditional media

3. **Experience Industries:** Are primarily related to San Francisco's tourism sector. Businesses in this group include hotels, restaurants and nightlife, performing arts and sports.

Local-serving industries generally provide goods and services within San Francisco. These local-serving industries primarily fall into two groups: human services and physical infrastructure. However, because businesses in both human services and physical

infrastructure sectors experienced the same trends over the last business cycle, they were combined into the Local-serving industry sector for the purpose of this analysis.

- Human services include businesses and non-profits that provide services, such as healthcare and social services
- Physical infrastructure includes businesses that produce physical things: manufacturing, real estate, construction, transportation, maintenance and repair.



Figure 4

Sector Performance: 2004-2010

Each of San Francisco's export-based sectors — financial and professional services, experience industries and creative industries, are “established clusters”. Established clusters are industries that are more concentrated in San Francisco than in other cities of a similar size. For example, San Francisco's Experience Industry is 40 percent more concentrated than the national average (Professional Services 50 percent; Creative Industries 70 percent). *Figure 5* illustrates San Francisco's four key industries, their concentration in San Francisco and their employment growth in the last full business cycle.

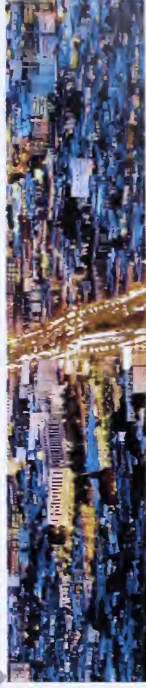
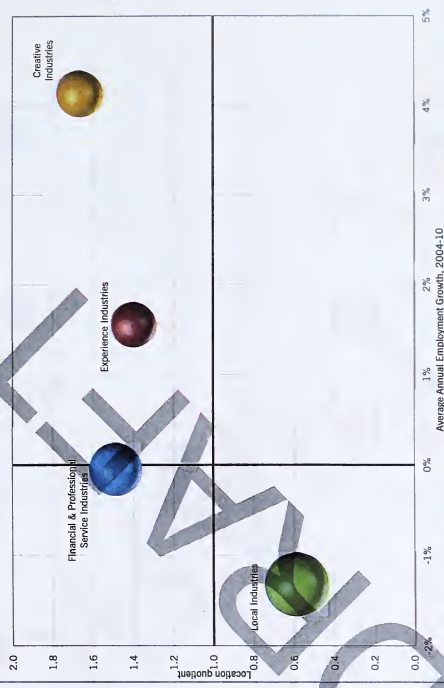
While each of the city's three export sectors are established clusters, only the experience and creative industries grew between 2004 and 2010. Creative industries experienced four percent annual employment growth over the last business cycle increasing to 69,000 jobs, while experience industries annually grew by 1.5 percent, for a total of 78,000 jobs, and financial services experienced a slight decline in job growth to 107,000 jobs. The local-serving industries employed over 186,000 people and averaged over one percent annual job loss over the last business cycle. Local-serving industries are less concentrated in San Francisco than other cities, 60 percent less than the national average. These two contributing factors, negative growth rate and a declining concentration, indicate weak competitiveness for local-serving industries.

The competitiveness of the export sector strongly determines how much the city's businesses and residents can afford to spend on goods and services. This rela-

tionship between the strength of the export sector and local spending affects the performance of Local-Serving Industries. During the last economic recovery, both the creative and experience industries led the city's economy out of the 2010 recession. As the export sector strengthened, the local-serving industries followed, but at a slower pace than the export based sectors helped to drive local-serving industries.

Figure 5

San Francisco's Four Sectors: Growth Share Matrix, 2004-2010

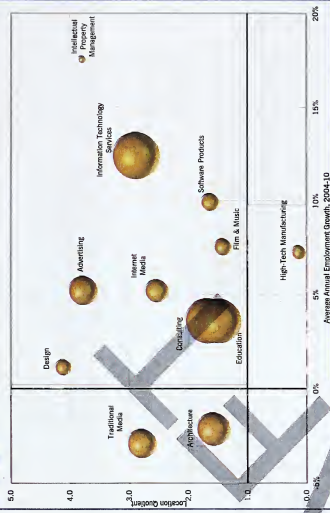


Creative Industries

Creative industries include technology companies, education, architecture, advertising, and design firms, and traditional media. Within the creative industries cluster, information technology services is both the largest industry and its most successful major component. Over the last business cycle, covering the recession, the industry grew over 10% per year. Consulting and private-sector education were also major sources of employment in this cluster. Among creative industries, only traditional media (newspapers, magazines, radio and television) and architecture lost jobs during the last business cycle.

Figure 6

Creative Industries: Growth Share Matrix, 2004-2010

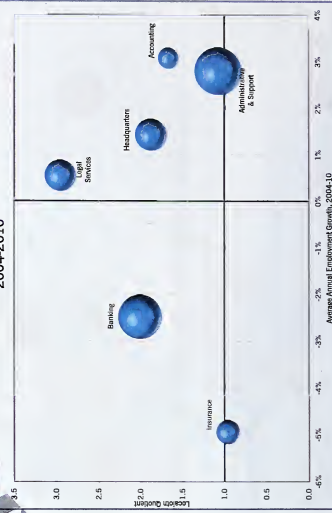


Financial & Professional Services

The financial and professional services cluster is split between the relatively healthy growth of corporate headquarter establishments and traditional professional and business services such as law and accounting, and the decline of banking and insurance. Financial services was hard-hit across the country during the recent recession, but the decline of this industry in San Francisco has been a historic trend.

Figure 7

Financial & Professional Service Industries: Growth Share Matrix 2004-2010

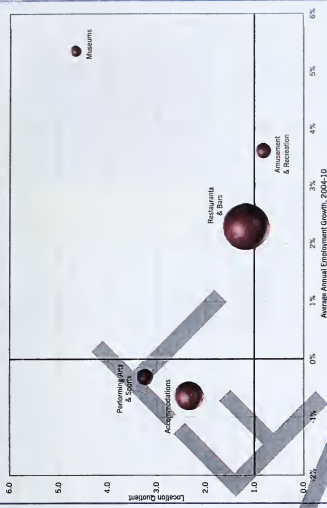


Experience Industries

Restaurants and bars make up the bulk of the city's experience industry cluster with a health annual growth rate of 2.3% between 2004 and 2010. The growth in the city's museums and recreation businesses offset the decline in performing arts and accommodations.

Figure 8

Experience Industries: Growth Share Matrix 2004-2010



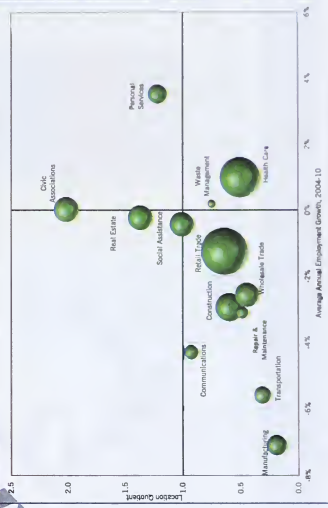
Local-Serving Industries

As mentioned earlier, while the local serving businesses as a group lost jobs during the last business cycle personal services (e.g. laundry, beauty salons) grew at a significant pace, and the large private health care industry also added jobs. Other industries including retail trade, wholesale trade, transportation, and manufacturing, lost jobs and generally have significantly fewer jobs in San Francisco than in an average city of similar size.

At the end of the 2010 business cycle, there was resurgence in the manufacturing industry, with a 5.3% growth rate in San Francisco which outpaced the U.S. growth rate. This growth, while modest for a City of this size, showcases the importance of how supporting this industry is working and that San Francisco can be a leader in new types of manufacturing jobs.

Figure 9

Local-Serving Industries: Growth Share Matrix 2004-2010



WORKFORCE TRENDS

This report analyzed the workforce trends of our economy by examining the types of jobs created by each industry. Two factors were examined: the educational level of an employee and the hourly wage that employee was paid. Within each sector, this report looked at employees who had the following education levels:

- Low education (high school or less)
- Medium education (some college, Associates Degree)
- High education (four or more years of college)

It looked at the hourly wage those employees were paid based on the following wage levels:

- Low wage (less than \$17.50/hour)
- Medium wage (\$17.50-35/hour)
- High wage (\$35/hour)

The 2007 Economic Strategy concluded that the city needs to maximize good paying jobs for all residents, particularly those without four-year degrees. Each of the four sectors achieves this goal to varying degrees and are examined in more detail as follows.

Creative Industries

As illustrated in Figure 10, the creative industries tend to create medium- and high-wage jobs for the highly-educated. While these industries provide good wages to employees – 69% of all workers in these industries earn more than \$35 an hour – the vast majority of those working in these industries were highly educated with 81% having a four-year degree or higher.

Figure 10

	Low Wage (<\$17.50/ hr)	Med. Wage (\$17.50- 35/hr)	High Wage (\$35/hr +)	Total
Low Education (High School or less)	2%	3%	3%	7%
Med. Education (Some College)	1%	4%	6%	11%
High Education (Four yrs. +)	1%	20%	60%	81%
Total	4%	27%	69%	100%

Financial and Professional Services Industries

Similar to the creative industries, the financial and professional services industries also tends to create medium- and high-wage jobs for the highly-educated. The Financial and Professional Industries pay good wages with 63% of all workers in these industries earning more than \$35 an hour. However, 69% of those working in these industries had a four-year degree or higher.

Figure 11

	Low Wage (<\$17.50/ hr)	Med. Wage (\$17.50- 35/hr)	High Wage (\$35/hr +)	Total
Low Education (High School or less)	7%	4%	3%	13%
Med. Education (Some College)	1%	6%	7%	17%
High Education (Four yrs. +)	3%	13%	53%	69%
Total	13%	23%	63%	100%

Experience Industries

The experience industries provide jobs to workers without a four-year degree—68% having only some college or less—but those jobs tended to pay lower wages, with 61% earning less than \$17.50 an hour. However, 11% of experience industry jobs paid medium or high-wage for those with the lowest educational attainment level, suggesting that these industries provide opportunities for wage growth for those with just a high school education or less.

Figure 12

	Low Wage (<\$17.50/ hr)	Med. Wage (\$17.50- 35/hr)	High Wage (\$35/hr +)	Total
Low Education (High School or less)	33%	9%	2%	43%
Med. Education (Some College)	15%	7%	2%	25%
High Education (Four yrs. +)	12%	12%	8%	32%
Total	61%	28%	12%	100%

Local-Serving Industries

The local-serving industries provide a more balanced distribution of job opportunities with 42% of workers earning medium wages of between \$17.50 and \$35 an hour. The local-serving industries also provided jobs for workers without a four-year degree with 52% of workers having some college or less. This intersection of good wages for those with less educational attainment indicates that the key opportunities for job creation across education levels are the local-serving industries that have potential for job growth, particularly in health care, construction and the retail sector.

Figure 13

	Low Wage (<\$17.50/ hr)	Med. Wage (\$17.50- 35/hr)	High Wage (\$35/hr +)	Total
Low Education (High School or less)	14%	14%	4%	31%
Med. Education (Some College)	7%	10%	5%	21%
High Education (Four yrs. +)	6%	19%	23%	47%
Total	26%	42%	32%	100%

DEMOGRAPHIC TRENDS

Trends by Population Types

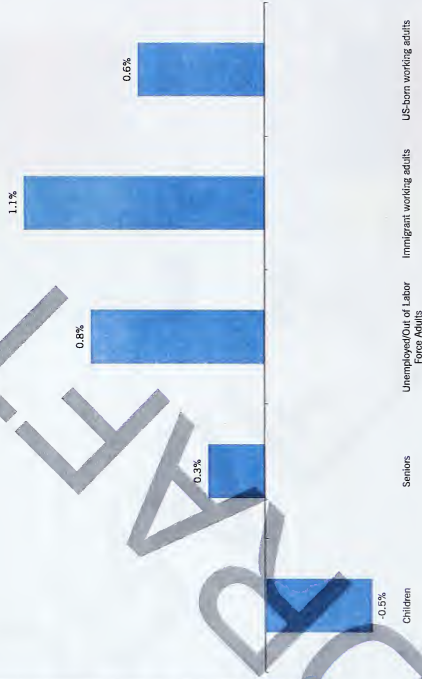
Between 1990-2010, the city's population as a whole increased by 81,000 residents. This represented a growth of 11 percent over 20-years, or an average annual growth rate of just over 0.5 percent.

In 2010, 55 percent of San Francisco's population consisted of working age adults. This included 34 percent that were born in the United States and 21 percent that were immigrants. Fourteen percent of the population was children and another 14 percent were seniors. 2010 also represented the worst year of the recession — 17 percent of adults were unemployed or out of the labor force.

During that same period, immigrant working adults were the fastest growing segment of the city's population, with an average annual growth rate of 1.1 percent. The number of seniors in San Francisco grew very slowly, at 0.3 percent and the number of children declined significantly, reducing at an average of 0.5 percent a year.

Figure 14

Average Annual Growth Rate, San Francisco Population Categories, 1990-2010



Source: IMPUS/ACS

Trends by Household Income

When broken down by household income, there was a trend towards a City of high income and low income residents with a stagnant or declining middle class as illustrated in *Figure 15*.

These population trends by income categories are described in more detail below:

- **Extremely / Very Low income:** A family of four with an annual income of less than \$50,000 is classified as extremely/very low income. The largest component of this segment of the population is adults that were unemployed or out of the labor force. Working adults represent the majority of growth San Francisco has seen within this segment.
- **Low income:** The classification of low income represented a family of four with an annual income between \$56,000 and \$80,950. Overall, there was little growth in the low income population.
- **Moderate income:** There was an absolute decline in the moderate population which represented families of four with an annual income between \$80,950 and \$121,450.
- **Middle income:** The City's Middle income population was made up of families of four with an annual income between \$121,450 and \$151,800 experienced slight growth due to the increase in working adults.
- **Upper income:** Families of four with an annual income above \$151,800 made up San Francisco's upper income population and were the only section of our population in which the number of children is growing. The majority of growth in this group came from both U.S. born and immigrant working adults.

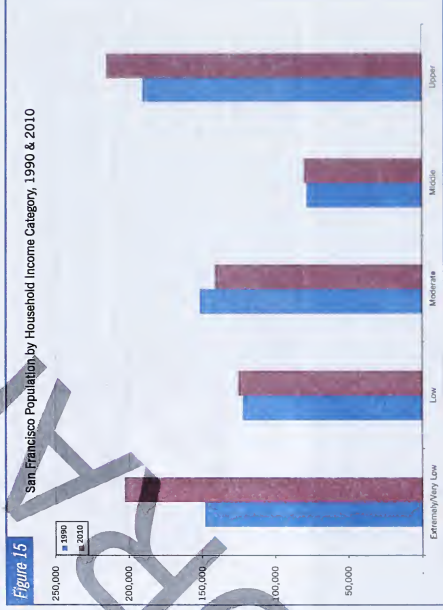
Conclusions

These demographic trends can be summarized as the following:

- The demographic profile of San Francisco generally aligns with its industry dynamics. Increasing growth in industries paying very high and very low wages has led to growth in the upper income population.
- Changing patterns of in-commuting and out-commuting tend to exaggerate this trend. The rise of in-commuting of low and moderate income workers suggests the city is losing middle-income population faster than it is losing middle-wage jobs.
- On the other hand, as the city establishes larger

communities of upper and very low income people, San Francisco is increasingly a residential center for both socio-economic groups, who increasingly commute out of San Francisco to jobs elsewhere in the region.

- Across most income categories, children and seniors are declining, while the working age adult population is growing.
- The immigrant workforce is growing faster than the U.S.-born workforce at every level of income.
- Immigrant and U.S.-born workers are identical in growth trends by income with nearly all growth at the upper and lower ends of the income spectrum.





BARRIERS TO JOB GROWTH

3.1

Labor/Housing Costs

3.2

Commercial Rent

3.3

Business Taxes & Regulations

3.4

Quantifying the Cost of Doing
Business in San Francisco

3.5

Results of Business Barriers Survey

A key reason to why San Francisco's employment had been slower than the rest of the Bay Area during this time period, for most industries, is that the cost of doing business was significantly higher than it was in other locations within the region. This chapter draws on data from the Controller's Office of Economic Analysis to assess the barriers to job growth in San Francisco.

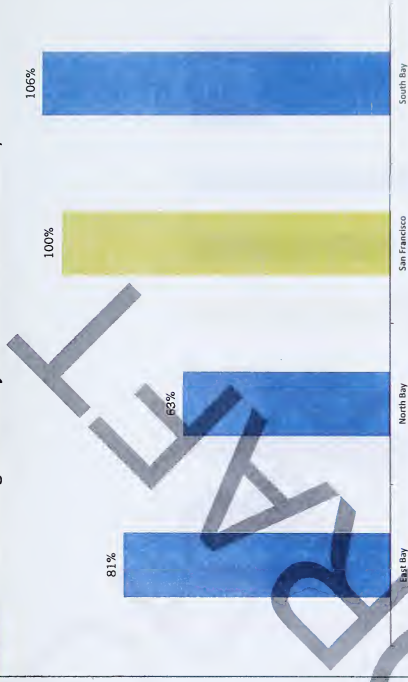
Labor and Housing Costs

Since labor makes up the single largest expense for most businesses, labor cost differences between San Francisco and other jurisdictions can matter the most when a business is deciding where to locate. On an industry-weighted basis, average wages in San Francisco

- 19 percent higher than the East Bay
- 37 percent higher than the North Bay
- 6 percent lower than the South Bay

Figure 16

Relative Wages in the Bay Area as a % of San Francisco, 2010



One of the reasons wages were higher in San Francisco is because housing is more expensive here. The housing market crash in 2010 also known as the Great Recession significantly lowered the cost of housing throughout the nation and the Bay Area. While San Francisco traditionally had lower housing prices than Marin and San Mateo counties, the housing crash affected the City less than the rest of the region, resulting in San Francisco having the highest housing prices in the Bay Area.

The increasing difference in housing prices in San Francisco was due in large part to the amount of housing built in outlying areas of the Bay Area, and the proportionally small amount being constructed within San Francisco. The depressed cost and high rate of vacancies in these parts of the Bay Area could take several years to be absorbed while San Francisco's low vacancy and high costs could continue the upward cost trend. *Figure 17* shows Zillow's three- bedroom housing index for Bay Area counties. San Francisco has traditionally had lower housing prices than Marin or San Mateo counties, but this trend has reversed.

Figure 17

Home Value Index, 3 Bedroom Units:
San Francisco and Other Bay Area Counties, Dec. 2011

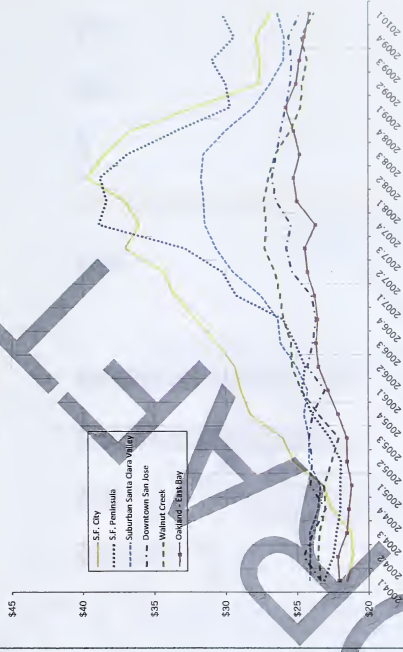


COMMERCIAL RENT COSTS

After labor costs, real estate was the cost factor that accounts for most of the cost difference across Bay Area business locations. Assessing differences in commercial rent was challenging because submarkets moved at different rates. However, as an average across all office space types, and based on the full business cycle from 2004 to 2010, average commercial rent in San Francisco was 5% higher than the Peninsula, 10% that of suburban Santa Clara County, and 17% higher than Walnut Creek or downtown San Jose. This is illustrated in more detail in Figure 18. Similar to high labor costs, high rents discourage businesses from locating in or expanding within San Francisco.

Figure 18

Average Gross Asking Rent, San Francisco and Other Bay Area Office Markets, 2004Q1 - 2010, Q1



BUSINESS TAXES AND REGULATIONS

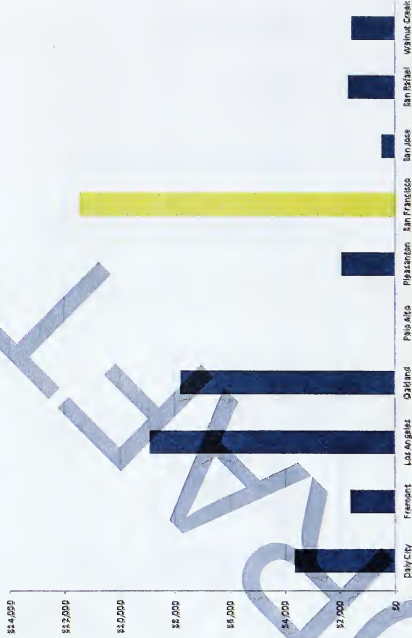
San Francisco's business tax is another reason the cost of doing business was higher than elsewhere in the region.

In 2012, San Francisco voters approved changing the business tax from a payroll tax to a gross receipts tax. The transition from payroll to gross receipts began in 2014 and is being phased in over five years.

Since San Francisco was the only city in the state to charge a tax on business, it is difficult to assess the impact it had on businesses. An example of the Payroll Expense Taxation System: a hardware store with 18 employees would pay close to \$12,000 a year in San Francisco, on average, while paying significantly less than if it was located in Oakland or Los Angeles.

Figure 19

Annual Business Tax Payment in San Francisco and Other California Cities:
Typical Small Hardware Store



QUANTIFYING THE COST OF DOING BUSINESS IN SAN FRANCISCO

To better understand the degree of differences in the costs for doing business in San Francisco, Figure 20 provides a comparison of the relative costs for labor, real estate, and in taxes in San Francisco to neighboring cities.

Figure 20

Combined Labor, Space, and Local Business Tax Costs: Large Law Firm in San Francisco and Four Other Cities



RESULTS OF THE BUSINESS BARRIERS SURVEY

Proposition I requires the Office of Economic and Workforce Development (OEWD) to conduct a survey on the barriers to employment retention and attraction in order to "identify impediments to business and permitting, taxes and fees, regulatory schemes and other City policies, requirements and other matters that may inhibit economic development and job creation with in the City."

In 2012, Corey, Canapary & Galanis conducted a study of 2,600 San Francisco businesses that were randomly selected from all businesses registered to operate in San Francisco. Of the selected companies, a total of 800 interviews were completed, 600 by phone and 200 online. The primary goal of the survey was to identify policies, requirements or other factors that limit job growth or job creation and economic development in San Francisco.

When asked to rate doing business in the city, the survey showed that 25% as Excellent/Good, 25% as Average and 49% of businesses rated the city as Poor/terrible. The survey found that 65% of the businesses stated that San Francisco is a preferred location for a business like theirs while negative business climate ratings were driven by real estate cost, taxes and workforce costs.

The top five barriers to doing business identified in the 2012 survey were also many of the same problems faced by businesses surveyed in 2007; however, results also showed that businesses now view them as less of a

barrier than before.

In 2007, 78% of businesses identified city taxes, including the payroll tax, as a barrier to doing business in San Francisco, compared to 54% in 2012, a decrease of 24 percentage points. The number of business owners seeing the cost of labor as a barrier also significantly declined from 76% in 2007 to 51% in 2012. This same study showed 75% of businesses found the cost of commercial space as a barrier, as compared to 80% of respondents in 2007.

A comparison to the responses from the 2007 and 2012 surveys demonstrated that San Francisco is making progress toward encouraging job creation and economic development. Of the businesses interviewed, 66% reported the City is doing the same or better in attracting businesses to stay or expand in San Francisco and 71% of businesses reported that their revenue had increased or stayed the same over the past year.

Businesses cited several reasons for being attracted to San Francisco including the city's qualified workforce, quality of life and the city's central location for goods and services. While both surveys identified costs as significant barriers to doing business in the city, the severity of those barriers is steadily declining.

The full results of the 2012 survey can be found in Appendix A.

IV

ACTIONS ON POLICY GOALS AND RECOMMENDATIONS

4.1

Education and Training

4.2

Governance and Business Climate

4.3

Quality of Life

4.4

Infrastructure

4.5

Technology and Innovation

EDUCATION AND TRAINING

Policy Goals and Recommended Actions	Summary of Actions
<p>1.1 Create a Coordinated Workforce Development Strategy for the City Around the Economic Development Priorities</p>	<p>Consolidated and Aligned Workforce Programs: OEWD consolidated Workforce Investment Act, Community Development Block Grant, General Fund, and departmental work ordered dollars to develop and fund workforce programs. In coordination with the Mayor's Office and Board of Supervisors, OEWD aligned citywide workforce efforts, including completing an inventory of City workforce programs and assisting with the development of amendments to Administrative Code 30. These amendments, among other provisions, establish an Alignment Committee comprised of city departments providing workforce services that will develop five-year workforce plans and annual updates.</p> <p>Launch the WISE: OEWD reconfigured the Workforce Investment Board (WIB), launching Workforce Investment San Francisco (WISF) as the City's designated Workforce Investment Board (WIB). WISF members include senior representatives from a range of sectors, including construction, hospitality, health care and technology.</p> <p>Develop City-wide Strategic Workforce Plan: OEWD developed and is implementing a strategy that aligns the City's workforce programs around the needs of local and regional industry growth sectors. Included in this strategy are OEWD's four sector training academies in construction, health care, hospitality and information and communication technology (ICT). These academies train workers in growing sectors of the local and regional economy. In both its training and business services activities, OEWD uses a "dual customer approach" to workforce development, which focuses on the need of both employers and employees.</p> <p>Launch Access Points: OEWD replaced the traditional One-Stop model with an "Access Points" strategy that is tailored to meet the unique needs of San Francisco's diverse neighborhoods, communities, and employers. OEWD funds service providers to support four types of Access Points: a single Comprehensive Access Point, Sector Access Points, Neighborhood Works Access Points, and Young Adult Work Link Access Points.</p> <p>Develop Youth Pathways to Jobs in Priority Sectors: In partnership with SFUSD's Career Technical Education programs, OEWD aligns training in construction trades, hospitality and in healthcare. OEWD continues to strengthen these partnerships, and is working to develop new partnerships with SFUSD high schools focusing on Information and Communication Technologies (ICT) pathways.</p>
<p>1.2 Better Prepare San Francisco's Youth for Careers</p>	<p>Promote Collaboration Between SFUSD and Employers: The re-launched WISF and the Youth Council both include the San Francisco Unified School District, which provides the SFUSD a direct connection to major employers across all sectors.</p> <p>Strengthen OEWD / DCYF Collaboration: OEWD works closely with DCYF, partnering on Summer Jobs +, supporting DCYF's Transitional Age Youth initiative (TAYSF) and coordinating citywide workforce strategy. DCYF's Director also sits on OEWD's Youth Council, which is charged with coordinating and centralizing the youth workforce system in San Francisco.</p>

1.3 Close the Digital Divide

Technology Labs: Through Broadband Technology Opportunities Program (BTOP), DT opened or re-equipped 14 new youth digital media technology labs and 54 neighborhood tech centers for seniors and adults with disabilities.
Training: Through BTOP, the Department of Technology (DT) trained 2,500 participants per quarter. Provided over 200,000 hours of digital literacy and digital media training.
Fiber Infrastructure: The City prioritized high speed penetration of broadband with over 130 miles of fiber optic cables already laid and made significant investment to take advantage of the coordinated street excavation ordinance. Studies show that for every 20% of broadband penetration, we can correlate 1% of GDP growth.
Public Housing: DT completed broadband installation in all the public housing sites in December 2011 with the use of City-owned fiber optic cables providing the backbone in newer developments such as Valencia Gardens. DT is now working to improve WiFi at these sites.
Market Street: DT brought high density, high capacity broadband to Market Street. Completed in December 2013, one of San Francisco's most culturally and economically diverse corridors now has free outdoor WiFi service from Castro St. to the Embarcadero.
Treasure Island: In December 2013, DT completed the upgrade to the outdoor WiFi network increasing the number of access points from 18 to 45 and resulting in more robust WiFi service.
Union Square: DT installed a pilot public network in the first phase of their plans to expand WiFi.
Northern Waterfront: As part of the America's Cup legacy project, Cisco donated the WiFi radios that were provided during the yacht racing events. DT now manages these radios to ensure long term WiFi access along the northern waterfront.
Parks: In partnership with Google, WiFi is available in 32 parks and recreation centers citywide.
Civic Center: DT installed WiFi in the Civic Center.

GOVERNANCE AND BUSINESS CLIMATE

Policy Goals and Recommended Actions	Summary of Actions
<p>2.1 Create a Local Tax Policy That Promotes the City's Economic Development Priorities</p>	<p>Transitioning to Gross Receipts Tax: In 2012, with the support of Mayor Lee and all 11 Supervisors, San Francisco voters approved Proposition E, phasing out the City's Payroll Expense Tax and moving to a Gross Receipts Tax. The transition also includes changes to the business registration structure. This change in our method of taxation further advances the Economic Strategy's goals by supporting job creation. OEWD is working with the Treasurer and Tax Collector's Office on outreach to San Francisco business to inform them of the changes and assist during the transition to the new tax structure.</p>
<p>2.2 Increase Business Outreach and Private Sector Partnerships</p>	<p>Sector Initiatives: OEWD developed sector initiatives for the priority sectors identified in the 2007 Economic Strategy. Sector initiatives include dedicated sector managers who lead business retention and attraction efforts while supporting the growth of new companies in each sector. Target sectors include: manufacturing, technology, life sciences, health care, cleantech, tourism, nightlife, retail, and financial & professional services.</p> <p>Outreach to Business: OEWD is conducting proactive business outreach across sectors. Outreach includes providing direct business assistance, connecting businesses to useful programs, and understanding and addressing industry-wide needs. The Jobs Squad and Office of Small Business (OSB) conduct direct outreach to small businesses.</p> <p>Strengthened Private Sector Partnership: OEWD developed partnerships and strengthened collaboration with private sector trade groups in each sector. Examples include OEWD's work with SFMade – a nonprofit focused on supporting the local manufacturing sector – on the Mayor's Industrial and Manufacturing Initiative and the San Francisco Center for Economic Development on ChinaSF, LatinSF, and SFAsia. OSB engages with small business and merchants associations as well as the ethnic, women and LGBT chambers of commerce on new or changes to business policies and regulations.</p> <p>International Business Development: OEWD drove job creation and investment by expanding the City's international business efforts. In 2008, OEWD launched ChinaSF, a public/private initiative focused on attracting Chinese firms to establish offices in San Francisco. ChinaSF has attracted 44 firms to San Francisco over the past five years. With San Francisco's strength in knowledge sectors, ChinaSF assisted with expanding architectural, legal and other services into the Chinese market. As part of Mayor Lee's 17-Point Jobs Plan, OEWD has developed two new international initiatives in 2014 focused on Latin America and Asia based on the ChinaSF model. OEWD is also focused on helping local firms enter or expand in the overseas market. OEWD is working with SFMade to assist local manufacturers sell products in the international market.</p> <p>Support and Expand Local Filmmaking in San Francisco: The San Francisco Film Commission supported and expanded the local filmmaking community, encouraging artists to stay in or come to San Francisco for their film projects by: promoting San Francisco as a filming destination, offering the Scene in San Francisco Rebate Program and Vendor Discount Program which helps lower the cost of production in San Francisco, creating more space for filming in San Francisco and improving the relationship between filmmakers and the residents.</p>

2.3 Streamline Business Interaction with the City Government

Launched One-Stop Business Assistance Center: In 2008 the Office of Small Business (OSB) opened the Small Business Assistance Center at City Hall, which provides a physical location and central point of information and consultation for businesses that need "targeted one-on-one assistance in the following areas: Business Start-up/Expansion, Permit Assistance, Procurement, Compliance with Government Laws and Regulations, and Incentives and Resource Referrals." From May 2008 to May 2014, OSB has served more than 16,500 small business clients. OSB staff developed the base knowledge of each key departments and established liaisons with departments for effective and timely referrals.

Developing an Online Business Portal: In 2013, OEWD, OSB and the Mayor's Office launched the first phase of the City's online business portal which provides businesses with a list of permits and licenses needed to start and operate a business in San Francisco. Phase Two of the portal launched in November 2014. The web portal is simple and easy to use; providing comprehensive information and resources on starting and growing a business in San Francisco.

Coordinating with 311: OSB strengthened coordination with 311 by providing regular briefings, trainings and content to 311 operators. OSB has escalation procedures with 311 and 311 refers calls to OSB's assistance center. OSB monthly close out rate of 311 referrals is 100%. The Treasurer and Tax Collector's Office also refers calls to 311 to answer basic information from business registration to business tax information.

2.4 Evaluate and Refocus the City's Assistance Programs for Businesses

Conducted a Small Business Needs Assessment: In 2010, OEWD conducted a small business needs assessment which included a survey, stakeholder interviews, focus groups, and technical analysis. Small business assistance programs funded by the Community Development Block Grant (CDBG) and the general fund were modified in response to the priorities identified by small business owners and entrepreneurs. On an ongoing basis, OEWD and OSB staff works directly with small businesses, business associations and the Small Business Commission to continually understand the evolving needs of the San Francisco small business community.

Evaluation and Refinement of Assistance Programs: OEWD develops programs in response to the needs of businesses. For existing programs, OEWD is continuously evaluating and refining its business assistance programs to ensure they meet the needs of San Francisco businesses. Programs include:

Loan Programs: In 2010 when access to a capital was a significant barrier for small businesses, OEWD launched an \$800,000 city funded Revolving Loan Fund Program which provides loans up to \$50,000 to small businesses for working capital, startup costs and equipment purchases. Through Mayor Lee's 17-Point Jobs Plan, OEWD launched the Emerging Business Loan Fund for loans ranging from \$50,000 to \$1 million for businesses with larger capital needs. Responding to the needs of small businesses, in 2013 OEWD launched a Micro-Loan program for no-interest loans of up to \$7,500.

ADA Program: To help small businesses understand and comply with the Americans with Disabilities Act (ADA), in 2012 OEWD launched a new Americans with Disabilities Act Small Business Assessment Program which provided San Francisco businesses with an ADA assessment report, a plan for compliance, and access to new grant funding and loan programs to make the necessary upgrades. Within one year, the program was able to serve over 250 businesses.

2.4 Evaluate and Refocus the City's Assistance Programs for Businesses

Storefront Vacancy Program: To address concerns about storefront vacancy across the city's commercial corridors, OEWD launched StorefrontSF in 2013, a free searchable online vacancy tool which provides free listings of available retail space in San Francisco.

Jobs Squad: Also as part of the Mayor's 17-Point Jobs Plan, OEWD launched the Jobs Squad in 2013 which provides direct outreach and assistance to businesses at their location. The Jobs Squad promotes existing city services and programs; provides vital information about projects, activities or meetings that impact their area; assists merchants with navigating permitting processes as well as other issues pertaining to city regulations; and provides rapid response to businesses in need of emergency services, in coordination with the Office of Small Business. To date, Jobs Squad has visited over 5,400 businesses and assisted more than 270 individual businesses.

Increase Coordination of Small Business Services: The Office of Small Business (OSB) creates a business profile for each business client served through the Small Business Assistance Center (SBAC) utilizing a Customer Relationship Management Software (CRM). OSB tracks businesses that need assistance by business phase, business formation, business type and services requests and needs. OSB and OEWD's Invest in Neighborhoods (IIN) team work closely together to connect small business clients to technical assistance, financial assistance, and to resources that help businesses navigate city government. OSB also works closely with the Neighborhood Economic Development Organizations (NEDOs) to ensure efficient and effective client referrals. OSB works with the IIN team and NEDOs to identify needed policy or regulatory changes.

Small Business Development Center: In early 2014, OEWD was awarded a grant, through a competitive bidding process, to become the new local host of the San Francisco Small Business Development Center (SBDC). The SBDC is a national program that provides specialized technical assistance to entrepreneurs seeking to launch, grow, stabilize or transition their small business. Clients are matched up with business advisors who provide free consultation in areas such as business planning, access to capital, hiring, and operations. SBDC services will be offered through the City beginning early 2015, and will complement the existing OSB case managers.

2.5 Evaluate Economic Impact of City Policies on Business

Provide Economic Impact Analysis: Beginning in 2006, the Controller's Office of Economic Analysis (OEA) began preparing a report on proposed legislation with a material economic impact. As of May 2014, 78 reports were completed.

2.6 Use City Purchasing and Regulation To Promote Competitiveness in Priority Sectors

<p>Increase Outreach and Assistance: The Contract Monitoring Division (CMD) Unit conducts concerted outreach efforts with Local Business Enterprise (LBE) sub-contractors, Departments and prime contractors to ensure maximum involvement and compliance. CMD conducts regular monthly workshops to increase the number of certified LBEs. OSB promotes and refers small businesses to CMD through the web, newsletters, direct outreach and events. CMD launched a successful one-year pilot program targeting women in business development. As a result, owners that are women were able to successfully secure loans, launch websites, hire employees, bid as prime contractors, and receive awards through the public bidding process.</p>	<p>Streamline and Implement Efficiencies: CMD increased the efficiency of the LBE certification process by deploying technology like the LBE Utilization Tracking System (LBEUTS) for invoicing and monitoring. The new LBE Online Application system makes forms available online and provides resource guides to make the process easier to navigate. CMD now has a dedicated bilingual certification analyst to assist with the LBE application process.</p>
	<p>Distribute List of Certified LBE: CMD has an online directory of certified LBE's, and Small Business Administration LBEs so prime contractors and city departments can easily perform their outreach. In addition to a directory of current 12-B compliant firms.</p>
	<p>Create Jobs for Workforce Graduates: The San Francisco Public Utilities Commission's GoSolarSF program, an incentive program to help residents, businesses and non-profits, install solar energy projects, requires that participating contractors hire Workforce Graduates. Since 2008, the program has created a total of 120 temporary graduate hires and 18 full time positions.</p>

Policy Goals and Recommended Actions	Summary of Actions
<p>3.1 Upgrade Neighborhood Commercial Areas</p>	<p>Promote Neighborhoods to Visitors: OEWD is working with the San Francisco Travel Association (SF Travel) to connect neighborhood commercial districts to the 16.9 million visitors that come to SF each year. Activities include developing partnerships between OEWD, SF Travel and neighborhoods to increase information sharing and to support the promotion of SF's unique neighborhoods through print, the web and social media channels. This year OEWD and SF Travel partnered on Shop Small Saturday (focused on the day after black Friday and holiday promotional campaigns) and on Mayor Lee's "Shop and Dine in the 49" local business promotional campaign. Additionally OEWD encourages commercial district organizations that seek to attract new visitors to consider becoming partners with the SF Travel, to advertise their neighborhoods through the Visitor Information Center, and to attend tourism business networking events such as concierge and meeting planner visits. The aim is to help draw more visitors into neighborhood corridors supporting small businesses, increasing the lengths of visitors stays and the number of return visits.</p> <p>Invest in Neighborhoods: In 2013, as part of Mayor Lee's 17-Point Jobs Plan, OEWD launched the Invest in Neighborhoods Initiative (IIN). Invest in Neighborhoods is a cross-departmental initiative to strengthen and revitalize 25 commercial corridors by providing customized assistance including small business loans, facade improvement grants, streetscape improvements, business attraction, business outreach by the Jobs Squad, and a dedicated staff for each commercial district. OEWD staff worked with community partners and other City agencies to develop action plans for each specific neighborhood that are responsive to the commercial district's specific needs, strengths and opportunities.</p> <p>Maintain and Beautify Commercial Districts: OEWD deployed \$1.6 million in SF Shines facade grant dollars since 2011, which has improved 47 small business storefronts throughout the City. Through the IIN program, OEWD facilitates and coordinates with the Department of Public Works (DPW), the Planning Department and the Municipal Transportation Agency (MTA) on streetscape improvement efforts. Through OEWD's Community Benefit Districts (CBD) program, San Francisco is home to 13 CBDs with an additional four CBD's currently in the formation process. Through district-wide business tax assessment CBDs provide ongoing private dollars to supplement streetscape improvements, street maintenance and safety services and marketing.</p>

3.2 Encourage Creativity by Continuing to Develop San Francisco as a Center for the Arts

In addition to the \$5 million in renovations to the Bayview Opera House, in the FY14 & FY15 budget cycle, the Arts Commission will invest over \$2 million in capital improvements and facilities maintenance to the three other City owned cultural centers: SOMArts, the Mission Cultural Center for Latino Arts, and the African American Art and Culture Complex. The centers receive operating grants and provide low cost rental space to other nonprofit arts organizations.
The City's Art Enrichment ordinance (2% for public art) ensures that capital improvements result in arts investments. These include increasing funding for new, permanent public art projects by over \$4 million, increasing public arts contracts awarded from \$435,000 in 2007 to \$4.6 million in 2013. This investment not only creates new arts infrastructure to improve the quality of the built environment, it creates employment opportunities for arts professionals, over half of whom are based in San Francisco.
The Neighborhood Arts Collaborative has funded over a dozen arts organizations deeply rooted in their neighborhoods amounting to nearly \$500,000 in the last three years. These grants, administered by Grants for the Arts, are made in collaboration with the Arts Commission, OEWD and SF Travel, in conjunction with their neighborhood marketing efforts, and provide networking opportunities for artists, arts organizations and neighborhood-serving groups such as businesses, schools, and community centers.
The SFArts.org website and apps funded by Grants for the Arts in collaboration with San Francisco Travel provide arts calendar information and feature coverage for residents and visitors alike.
In 2012, Mayor Lee and the Board of Supervisors created the Public Art Trust to create a new revenue stream for art programming and activation in the City's commercial corridors.
The Central Market Partnership, a public-private partnership led by OEWD that is focused on the revitalization of Market Street, focuses significant resources on enhancing the arts community and developing Market Street as a regional destination for arts and entertainment. Since 2011, OEWD and partners have provided technical assistance, financial resources, and coordination of activities that has helped to enable the establishment of eight new art venues, with three more in the pipeline.
The city is partnering with the Community Arts Stabilization Trust (CAST), an innovative partnership to create stable physical spaces for arts and cultural organizations to facilitate equitable urban transformation. CAST, currently focused on the Central Market / Tenderloin neighborhood, is leveraging public and private philanthropic funding to acquire properties to sustain the arts, and building the capacity of cultural organizations to lease or own property.
In May 2014, the Arts Commission received \$2 million to provide technical assistance, financial assistance, and real estate support to promote the stability and prevent displacement of San Francisco's non-profit arts sector.

3.3 Recognize and Enhance the Value of Parks and Open Spaces

Parks Funding: The Recreation and Parks Department increased revenue generated from the leasing of concessions and amenities by 30% to \$47 million annually. A partnership with Another Planet Entertainment also generated \$1.4 million in annual revenue that goes toward park maintenance. The passage of the \$117 million Clean and Safe Neighborhoods Parks Bond in 2008 was leveraged into \$195 million in capital improvement projects across 12 parks. A new \$195 million Clean and Safe Neighborhoods Parks Bond was passed in 2012.

Non-Profit Relationship Building: The Recreation and Parks Department entered into a \$25 million public/private partnership with the City Fields Foundation for renovations to add 75,000 additional hours of playtime to city fields, eliminating the City's athletic field deficit for youth sports by 2015. An additional \$67.4 million in grants and philanthropic donations was also secured.

Civic Squares and Plazas: In 2014, the City will launched a new program aimed at lowering barriers to sustainable stewardship of local plazas. The Public Plaza program will facilitate long-term activation and/or maintenance solutions for some City-owned active pedestrian plazas that fall outside of traditional parks jurisdiction and function. This program will extend the City's track record in innovative solutions to public realm challenges by creating more tools for local stakeholders to affect change in their communities.

Pavement to Parks: Pavement to Parks is a collaborative effort between the San Francisco Planning Department, the Department of Public Works, the Municipal Transportation Agency, and the Mayor's Office to repurpose underutilized right-of-way as new parks and open space. The program has enabled the creation of dozens of parklets around the City and two new plazas, with several additional plazas in development.

Walkable Streets & Spaces: The San Francisco Pedestrian Strategy (2013) was developed in response to the Mayor's Executive Directive 10-03. It established the framework to meet the goals laid out in the directive. SFMTA, Planning Department, the Department of Public Health, the Department of Public Works and the Controller's Office, through the WalkFirst initiative, employs a data driven approach to identify the locations and counter measures that will most effectively meet these goals. WalkFirst provides a roadmap of pedestrian safety projects and programs over the next five years and the toolbox of measures that can be leveraged to reduce serious pedestrian injuries and fatalities, estimated at \$17 million to improve pedestrian safety at 170 high-priority locations.

INFRASTRUCTURE

Policy Goal and Recommended Actions	Summary of Actions
<p>4.1 Provide Sufficient Real Estate for Strategic Priorities</p>	<p>Provide Space for Housing: In order to create sufficient capacity for growth, the City engaged in significant planning and rezoning efforts since 2007. Among the priorities include area plans and major development agreements that expand housing production in San Francisco, in order to help ease pressure on housing and labor costs in the future. Major plans and projects adopted since 2008 provide space for new housing include the Eastern Neighborhoods, Candlestick/Hunters Point Shipyard, Executive Park, Parkmerced, the Transbay Transit Center District, Treasure Island, Balboa Park, and Visitacion Valley/Schlagle Lock. The Visitacion Valley/Schlagle Lock was adopted in 2014 with the SM Project pending adoption in the next year. Together, all of the City's plans and agreements will enable over 75,000 units of new housing.</p> <p>Provide Space for Job Growth: Several plans that permit commercial development have been advanced since 2008. By expanding the supply of commercial real estate in the city, these new policies will ease commercial rent pressures, and promote a more diverse city economy. The Transit Center District Plan, adopted in 2012, permits the development of almost 10 million square feet of high rise office space at the regionally-accessible Transbay Transit Center, today serviced by a number of regional bus operators, and in the future by Caltrain and California High Speed Rail. The Central SoMa Plan, underway since 2011 and expected to be adopted in 2015, will enable an increase of up to 30,000 new jobs in the Plan Area by removing land use restrictions and increasing height limits. Together with completed Plans such as in the Mission Bay and Hunters Point and development projects such as the California Pacific Medical Center (CPMC), Pier 70, Mission Rock and SWI, the City's commercial development efforts will lead to space sufficient to support as many as 120,000 more jobs.</p> <p>Protect Physical Infrastructure/PDR job space: In 2008, the City protected substantial areas for Production Distribution and Repair (PDR) through the Bayview and Eastern Neighborhoods Area Plans. The creation of PDR Districts in these areas helped stabilize rents by removing competition from residential and office uses. The City adopted additional measures to support PDR businesses such as streamlining the permitting process for certain PDR businesses, enabling uses to share retail space (which is important to our growing "maker" community), and promoting the creation of new PDR space on vacant parcels. In 2014, the Mayor announced a 5-point plan to preserve and grow local manufacturing and distribution businesses.</p>
<p>4.2 Maximize San Francisco's Accessibility to a Local and Regional Workforce</p>	<p>Local and Regional Transit:</p> <p>Transbay Transit Center began construction in the summer of 2010 with the relocation of existing transit services to the Temporary Terminal and demolition of the existing Transbay Terminal. Construction of the Transit Center below grade structure began in early 2013 and completion of the Transbay Transit Center is expected in the fall of 2017. The 1.3 mile Downtown Extension (DTX) of the current Caltrain and future California High Speed Rail lines from the Fourth & King Station is currently unfunded. The Transbay Joint Powers Authority (TJPA), along with the SFMTA, regional, and statewide agencies will continue to explore funding opportunities for this critical transportation link.</p>

4.2 Maximize San Francisco's Accessibility to a Local and Regional Workforce

	<p>In 2013 Caltrain recirculated the Caltrain Electrification Project – to convert its aging system from diesel to a rapid electric system – for environmental review. San Francisco is one of three member entities governing and financing Caltrain through a joint powers agreement. Caltrain expects to certify its environmental documents in December, 2014. Construction is expected to be completed in 2019, with revenue service running throughout the construction period.</p>
	<p>Central Subway Utility relocation and final design began in 2010 and boring of the first tunnel began in 2013. Pre-revenue operational testing will begin following completion of construction in 2018, with revenue service anticipated to begin in 2019.</p>
	<p>The SFMTA Board of Directors approved a locally preferred alternative for the Van Ness Bus Rapid Transit Project. Design and engineering will continue through 2014, followed by construction with service planned for 2018.</p>
	<p>The Geary Bus Rapid Transit project is currently in environmental review and analysis, to be completed in 2014. The project faces a significant funding gap. SFMTA, regional and statewide agencies will continue to explore funding opportunities for this project.</p>
	<p>The Transit Effectiveness Project (TEP) is a system-wide, network approach to maximizing the efficiency of transit services delivered by SFMTA, leading to faster commuting and greater accessibility to jobs for San Francisco residents. The TEP is environmentally cleared (2014) to provide dedicated travel lanes, optimized stop locations, and transit signal priority along some of the highest ridership routes in San Francisco. These improvements will lead to greater reliability and efficiency of the transit system. Implementation of the first phase of TEP recommendations underway. Completion of TEP service and capital improvements is scheduled for 2019, pending availability of funding.</p>
	<p><u>Bicycle Network & Facilities:</u></p>
	<p>The few remaining projects from the 2008 Bicycle Plan are moving through environmental clearance and into the final design stage. The SFMTA-Bicycle Strategy was adopted in 2013 and establishes the vision for future bicycle infrastructure and program investments necessary to meet established goals for percentage of persons traveling by bicycle. Individual projects were prioritized in the SFMTA's five year Capital Improvement Program and two year Capital Budget, based on the framework established in the 2013 SFMTA Bicycle Strategy, with planning, design, and construction to follow, pending funding.</p>
	<p>Bay Area Bike Share was launched in August of 2013 with 350 bicycles at 35 stations in San Francisco. The number of daily trips continues to steadily increase and is approaching 130,000 total trips taken in San Francisco since the pilot's inception. Expansion of the program to 500 bikes at 50 stations is anticipated in 2015. SFMTA will look to expand the system as funding allows including pursuing private sponsorship as is done in other cities.</p>
	<p><u>Parking Management:</u> SFMTA also implemented SPark, a new approach to managing parking that uses demand-responsive pricing and better information to make it easier to find parking, improves the experience of parking in San Francisco, and improves access to the city's commercial areas. This federally-funded pilot project includes more than 25% of the city's metered spaces (approximately 7,000 metered spaces) in seven pilot areas as well as 14 of the city's 20 parking garages. In summer 2014, the SFMTA will evaluate this pilot and take lessons learned to recommend a continuation and potential expansion of the SPark program.</p>

4.2 Maximize San Francisco's Accessibility to a Local and Regional Workforce

Carpooling: SFMTA partnered with public and private rideshare and car share operators to designate space for these transportation modes to grow. Operating agreements with many private commuter shuttles are in place to manage impacts to the transportation system caused by this service. Recent policy changes allow for dedicating on-street parking spaces for car share vehicles, creating fewer barriers to access for car share users. In 2013, the SFMTA sent out requests to Car Share Organizations to participate in a two-year pilot program. Public outreach and public hearings were held and the program has launched.

Transportation Funding Evaluation: Throughout 2013 an SF 2030 Transportation Task Force assessed the City's transportation system unfunded capital needs and researched and recommended a coordinated set of revenue sources to meet the estimated \$6.3 billion (in 2013 dollars) funding gap. The Task Force did not address system operating deficits.

Transportation and Road Improvement Bond: In May of 2014 Mayor Lee and the full Board of Supervisors introduced a \$500 million General Obligation Bond ordinance for submittal to the November, 2014 ballot. In July, 2014, the Board of Supervisors placed the measure on the ballot and the measures was approved by the voters.

Creating More Housing Opportunities: In 2012 Mayor Lee assembled affordable housing developers, market rate developers, realtors, lenders, and small property owners; and members of the Board of Supervisors, to develop a plan to stimulate market-rate production, increase homeownership opportunities, and fund affordable housing production. That led to the introduction and voter approval of a Housing Trust Fund: a Charter Amendment that provides a permanent source of revenue would fund the creation of housing that is affordable to low and moderate households in San Francisco for the next 30 years. The Housing Trust Fund will provide an estimated \$1.1 billion for affordable housing production over the next 30 years. The fund will:

- Create incentives for onsite below market rate housing and make housing more accessible for moderate income families; Develop more than 9,000 units of permanently affordable housing for low income residents;
- Invest at least \$15 million over the first five years in a down payment assistance program for first-time homebuyers;
- Create a Homeowner Stabilization Program to help distressed homeowners remain in their homes; and
- Create a Complete Neighborhoods Infrastructure Grant program to fund public realm improvements such as "pocket" parks and child care facilities for growing neighborhoods.

Accelerating Housing Production: In response to an Executive Directive issued by Mayor Lee, in early 2014 the city's permitting departments, including the Department of Building Inspection and the Planning Department, began implementing administrative changes that will help retain existing habitable units, speed review and approval of new housing, and encourage housing construction, as well as protect rental housing. Recommendations included:

- Prioritizing approvals for development projects based on the amount of affordable housing produced;
- Reducing the loss of housing – legal or otherwise – by requiring a Planning Commission hearing when such housing is proposed to be eliminated;
- Coordinating the City's permitting and asset-holding agencies to gain efficiencies in entitlement and approvals; and
- Improving public information and transparency relating to the City's development procedures and pipeline housing projects

4.3 Work to Reduce the Cost of Residential and Commercial Development

4.3 Work to Reduce the Cost of Residential and Commercial Development

Entitlement Process Improvements: To more efficiently process development applications, the Department of Building Inspection and the Planning Department are implementing a new Permit and Project Tracking System (PPTS), and online website for submitting and processing permits and applications. To further reduce the backlog of permits, the Planning Department increased planning and environmental review staff assigned to process applications by almost 20%.

CEQA Process Improvements: While the time and cost represented by San Francisco's CEQA process remains a concern, several improvements were implemented:

Program environmental impact reviews (EIRs) were developed for the Eastern Neighborhoods, Rincon Hill, West SoMa, Transbay Transit Center District, Market & Octavia and Balboa Park plan areas. Proposed projects located in these areas benefit from Community Plan Exemptions, which reduce cost & time in environmental review by limiting analysis to project-specific effects.

In 2013, the Board of Supervisors passed legislation that limits the ability of project opponents to file a CEQA appeal at any time, while also improving the public notification process. This legislation provides more certainty to project applicants, by providing a definitive time after which the City's CEQA determinations will be final.

The Transportation Sustainability Program (TSP) is a proposed change to transportation impact analysis methodology under CEQA. The City's proposed legislation will streamline CEQA review, by studying the cumulative transportation impacts of 20 years of projected development, and establish a citywide mitigation fee. Planned for adoption in 2015, the TSP means that most development projects would not have to undergo transportation impact analysis under CEQA, providing time and cost savings.

Policy Goals and Recommended Actions	Summary of Actions
5.1 Support Commercialization of Research and Technology	<p>Incubator Space: San Francisco is home to six life science incubators, the nation's first cleantech accelerator and more than 35 tech incubators, co-work or accelerators. In the life sciences, OEWD has worked closely with QB3 and other partners to develop more incubator space for early stage companies. In 2007, SF had two life science incubators providing space for 15 companies. In 2014, SF was home to eight incubators which housed more than 80 early stage life sciences companies. OEWD is continuing to work to add incubators and space for early stage companies.</p> <p>Attracting and Expanding Research and Academic Institutions: OEWD remains focused on attracting and supporting the expansion of research and academic institutions in San Francisco. In addition to UCSF's Mission Bay expansion, a number of Universities opened campuses including UOP (2014), Wharton (2012) and Babson College (2011). In 2012, OEWD launched an initiative to attract cleantech industry anchors including science and engineering universities, national laboratories and research centers to the City.</p>
5.2 Improve Telecommunications Infrastructure for Information-Intensive Industries	<p>Expanding WiFi and Fiber Optics: The Department of Technology (DT) has improved Telecommunications Infrastructure by expanding WiFi in parks, Union Square, Market Street, Civic Center, Treasure Island, public housing, libraries and the northern waterfront. A working committee is currently meeting to develop a strategic plan for city WiFi moving forward. DT also installed 130 miles of fiber optics connecting 160 facilities. Fiber rings also connect City College, UCSF clinics, and the Exploratorium.</p> <p>Partner with other departments to accelerate deployment of broadband and WiFi infrastructure: DT is leveraging partnerships with other City departments to accelerate our "Smart City" goals by partnering on projects such as the SF Public Utilities Commission's new LED street light upgrade and ensuring the deployment of smart poles that can host 4g antennas and WiFi plates—all connecting the fiber backbone.</p> <p>Hotspots 2.0: San Francisco will be one of the first cities to pioneer simply encrypted Wi-Fi for secure services that will allow roaming from hotspot to hotspot.</p>
5.3 Support Efforts to Create More Investment Vehicles for Startups	<p>Focused on Addressing Alternate Barriers to Growth: Based on outreach to early stage firms, OEWD determined that City developed investment vehicles were not the area where the City could have the greatest impact in supporting the success of startups. Based on industry feedback assistance, navigating government and creating a strong climate for job growth were the areas where OEWD's work could best make an impact. OEWD pursued a strategy to address these areas as discussed elsewhere in this section. To assist businesses with financing needs, OEWD developed a number of loan products (Policy 2.4) and provides referrals on financing questions.</p>

5.4 Identify, Evaluate, and Support Emerging Industries

Identifying and Supporting Emerging Sectors: OEWD is working with the Mayor's Office of Civic Innovation (MOCI) to identify emerging industries and determine how the City can help entrepreneurs in these sectors grow and add jobs. Through research and outreach, OEWD and MOCI are continually scanning the City for emerging industries which are growing in San Francisco (such as artisanal manufacturing, advanced manufacturing and maker, digital cleantech, civic tech and collaborative working). OEWD and MOCI convened discussions with entrepreneurs, investors and influencers in these areas to better understand these emerging growth areas and to identify how these sectors can support the goal of the economic strategy. OEWD and MOCI work to support these sectors by identifying barriers to growth or opportunities to strengthen the cluster.

CONCLUSION

2007 Economic Strategy: San Francisco at a Crossroads

The 2007 Economic Strategy found that the San Francisco economy had a great deal of strengths but the overall trend was one of uncertainty, slow job growth, uneven wage growth, infrastructure at capacity, large segments of the population with barriers to employment, and an expensive and challenging business climate. The Economic Strategy found that unless action was taken, the City would continue to decline. As a result the strategy laid out 19 policy goals and recommended actions to position the city for “sustained prosperity.”

2014 Update: Improved Economic Performance

This report found that San Francisco has made considerable progress in addressing the challenges described in the 2007 Economic Strategy. In the last full-business cycle, between 2004 and 2010, the number of jobs remained steady despite the economic shock of the Great Recession. Since 2010, the city has experienced a strong economic recovery, adding 67,000 jobs, ranking the 2nd fastest growing large county in the US and registering more net jobs than 47 other States. During the last business cycle, job growth was led by two established industries – the Experience Industries which added 78,000 jobs and the Creative Industries which added 69,000 jobs respectively – while the Financial and Professional Services industries remained a significant employer in the city. The city’s population continued to grow, adding 81,000 residents between 1990 and 2010. Through surveys, several factors influenced businesses to San Francisco including the City’s strong workforce, quality of life and its central location for goods and services. Businesses view of the cost of doing business in the City also improved.

San Francisco initiated and completed a number of actions that were recommended in the 2007 Economic Strategy. These actions helped change the direction of San Francisco’s economy. Out of the 19 policy goals and recommended actions included in the strategy, the City completed or made substantial progress on nearly all, including:

- The passage of Proposition E in 2012, which transitions San Francisco from the Payroll Expense tax, to a Gross Receipts Tax, consistent with other large California cities.
- Launched sector initiatives in partnership with private sector partners targeting key sectors identified in the 2007 Economic Strategy including: manufacturing, technology, life sciences, health care, cleantech, tourism, nightlife, retail, and financial & professional services.
- The launch of new international initiatives including ChinaSF which has attracted more than 44 Chinese companies to San Francisco, totaling 248 jobs.
- The launch of the Small Business Assistance Center to streamline small business interaction with the City. It has assisted more than 16,500 small businesses since 2008.
- The launch of Mayor Lee’s Invest in Neighborhoods initiative which strengthens 25 commercial areas in neighborhoods across San Francisco.
- The launch of business assistance programs developed through continual evaluation and refinement to address the needs of small businesses, including: the Revolving Loan Fund, Emerging Business Loan Fund, the ADA Assistance Program, StorefrontSF vacancy program, and BizFit SF business strengthening program.



- The development of four sector academies in construction, health care, hospitality, and technology to train and connect residents with barriers to jobs in growing industries. Since July 1, 2010, OEWD has trained more than 2,500 people and placed more 3,600 through the sector training programs.
- Recreation and Parks Department increased revenue generation from leases and concessions to \$47 million annually while also leveraging \$117 million from the 2008 Clean and Safe Neighborhoods Parks Bond into \$195 million in capital improvement projects across 12 parks. Successful implementation of the 2008 bond program led voters to pass a \$195 million bond in 2012.
- The Arts Commission has focused on \$7 million of capital improvements to and facilities maintenance for the City's Cultural Centers which in turn provide low cost rental space to other nonprofit arts organizations, and created the Public Art Trust to create a new revenue stream for art programming and activation in the City's commercial corridors.
- Planning for space for jobs and housing through Area Plans and major development projects including: Eastern Neighborhoods, Candlestick/Hunters Point Shipyard, Executive Park, Parkmead, the Transbay Transit Center District, Treasure Island, Balboa Park, and Visitacion Valley/Schlegel Lock, with the Central SoMa Plan, Pier 70, Mission Rock, Moscone Expansion, and 5M development projects in progress.
- Maximizing transportation connections to the local and regional workforce with major transportation projects including: Transbay Transit Center, Central Subway, Van Ness and Geary Bus Rapid Transit, the Transit Effectiveness Project (TEP), San Francisco Pedestrian Strategy and WalkFirst, Bay Area Bike Share, and SFMTA Bicycle Strategy.
- Reducing the cost of residential and commercial development through entitlement and CEQA process improvements.
- Supporting the commercialization of research and technology by supporting the development of incubator space in the city and expanding research institutions in San Francisco.
- Improving telecommunications infrastructure across the city by expanding WiFi and fiber optics access including at all public housing facilities, 32 of our city's parks, Market Street, Treasure Island and the northern waterfront. San Francisco has laid more than 130 miles of fiber optics connecting more than 160 facilities. While also installing 14 new youth digital technology labs and 54 neighborhood tech centers for seniors and adults with disabilities, plus providing over 200,000 hours of training for residents.

2014 Update: Continuing Challenges

While this report found that the implementation of the recommendations of the 2007 Economic Strategy has supported the city's improving economic performance, significant work remains to address the continuing challenges in the city's economy.

As the Creative and Experience industries grew between 2004 and 2010, the local serving sectors declined and are not nearly as concentrated in San Francisco as other comparable cities. Compounding this challenge is that local serving sectors produce the most balanced distribution of job opportunities for residents with a range of experience. These trends reflect the growth of high wage and low wage industries with a decline in middle wage industries. And the city's demographics reflect this with the number of moderate income residents decreasing and extremely low, low, middle and upper income residents increasing.

There were significant barriers to adding jobs and growing a business in San Francisco. San Francisco's high cost of doing business is a key reason to why the city's employment was slower than the rest of the Bay Area, for most industries. The greatest contributor to this cost was labor cost, which is primarily driven by the high cost of housing. Business tax/regulations and the cost of commercial real estate contributed to San Francisco's disproportionately higher cost of doing business relative to the rest of the Bay Area. This was confirmed in the Business Barriers Survey. While half of the respondents had a favorable view of San Francisco's business climate, the other half had a negative view.

Looking Ahead: Future Action Areas

These continuing business barriers threaten the city's ability to achieve the three overarching goals laid out in the 2007 Economic Strategy:

- Create job opportunities by building on our strengths to promote greater overall economic growth
- Ensure greater inclusion and equity in job opportunities, with an aim to reducing inequality

- Ensure a sound fiscal footing for the City by encouraging industries with a positive fiscal impact.

To achieve these goals and ensure the overall competitiveness of San Francisco's economy, the City should continue to implement programs and policies aligned with the recommendations of the 2007 Economic Strategy. In particular, the City should focus on the following action areas:

- Reduce labor costs by building more housing in San Francisco: The cost of housing is the greatest contributor to the disproportionality high labor costs relative to the rest of the Bay Area, and the City's limited supply of housing is one of the primary contributors to cost. The City should find ways to expand housing production in San Francisco particularly with higher percentages which are affordable to middle income families and below, and strengthen transit connections to regional housing options.
- Continue to develop career pathways that promote job mobility and advancement: Creating career pathways that support the ability of residents and workers to attain the industry relevant/recognized skills employers are looking for is key to job mobility and advancement in the San Francisco labor market. Working in partnership with employers, the City should continue to implement industry-driven pathway approaches that cross learning at the K-12 and post-secondary levels.
- Streamline business regulation and process: The Business Barriers Survey confirm that many local businesses see San Francisco as a difficult place to do business. San Francisco should continue to streamline the business permitting and regulatory process and make it easier for the city's businesses – especially small businesses – to start, stay and grow.
- Assist businesses facing rising real estate costs: The cost of commercial real estate is a continuing challenge identified in the Business Barriers Survey. The City should find ways to expand the supply of commercial real estate and assist businesses in industries particularly affected by the cost of space including manufacturing, the non-profit sector and early stage firms / small businesses.
- Maintain and expand support for local-serving industries: Grow support for these industries, including initiatives such as the manufacturing initiative and invest in neighborhoods, which provide balanced job opportunities.
- Address Transportation Infrastructure Capacity: Demand from current and future growth and the effects of an aging, inefficient transportation system that is at capacity along key corridors and in key transit stations in the central business district will require significant investments in infrastructure simply to keep the existing system in a state of good repair. Additionally, transportation infrastructure enhancements and expansions will require even more investment to serve growth in planned development areas. The City's transportation infrastructure funding gap through 2030 is estimated at \$6.3 billion (in 2013 dollars), not including regional projects such as the Downtown Extension of Caltrain, Caltrain Electrification or new investments in BART.
- Continue to focus on four "strategic priorities": The 2007 report recommended four "strategic priorities" whose targeted development that would advance the goals of the strategy because these industries have the desired impacts and their growth is feasible. The City should continue to focus on these four strategic priorities: strengthen the physical infrastructure sector, upgrade the experience sector, retain large knowledge sector companies and promote knowledge sector start-ups.

The City's Economic Strategy provides a framework for thinking about the San Francisco economy and a roadmap for changing economic outcomes. While San Francisco has made significant progress on the recommendations of the Economy Strategy, more work remains to be done. By focusing on these action areas, the City can continue to move towards an economy that works for all San Franciscans.



APPENDIX A
SFOEWD REPORT



**SMALL BUSINESS COMMISSION
NOTICE OF MEETING CANCELLATION**



Monday, February 23, 2015

2:00 PM

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

The Small Business Commission meeting of February 23, 2015, is cancelled.

02-20-15PD1-11 RCVO

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415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR





02-05-12985100 0510

SMALL BUSINESS COMMISSION NOTICE OF MEETING & AGENDA



Monday, March 9, 2014
5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

5F
582
H1
3/9/14

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

1. Call to order and roll call.

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141298 [Various Codes - Noise Regulations Relating to Residential Uses Near Places of Entertainment]** Ordinance amending the Building, Administrative, Planning, and Police Codes to require attenuation of exterior noise for new residential structures and acoustical analysis and field testing in some circumstances; to provide that a Place of Entertainment (POE) permitted for 12 months not become a public or private nuisance on the basis of noise for nearby residents of newly constructed or converted residential structures; to authorize the Entertainment Commission to hold a hearing on a proposed residential use near a POE, and require the project sponsor's participation in the hearing; to authorize the Entertainment Commission to measure noise conditions at such project sites and provide comments and recommendations regarding noise to the Planning Department and Department of Building Inspection; to require lessors and sellers of residential property to disclose to lessees and purchasers potential noise and other inconveniences associated with nearby POE's and authorize civil penalties for not providing disclosure; to require that such disclosure requirements be recorded against a residential property in a Notice of Special Restrictions; to require the Planning Department and Commission to consider noise issues when reviewing proposed residential projects; and to specify factors concerning noise for the Entertainment Commission to review when considering granting a POE permit; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of local conditions under California Health and Safety Code, Section 17958.7; and directing the Clerk of the Board of Supervisors to forward the Ordinance to specified state agencies upon final passage. (Discussion and Possible Item)

Explanatory Documents: BOS File No. 141298 Legislative Digest; BOS File No. 141298 Legislation

Presentation by: Conor Johnson, Legislative Aide to Supervisor London Breed.

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4. **Review Project Outline to Develop Recommendations to the Mayor for Outreach and Economic Evaluation Framework for Construction and Infrastructure Projects.** (Discussion and Possible Item)
5. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
6. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
7. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
8. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
9. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
10. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact the Sunshine Ordinance Task Force:

City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

CELL PHONE AND/OR SOUND-PRODUCING ELECTRONIC DEVICE USAGE AT HEARINGS

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

DISABILITY ACCESS POLICY

Commission hearings are held in Room 400 at City Hall, 1 Dr. Carlton B. Goodlett Place in San Francisco (unless otherwise noted). City Hall is accessible to persons using wheelchairs and other assistive mobility devices. Ramps are available at the Grove, Van Ness and McAllister entrances. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call 311. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street).

Assistive listening devices, real time captioning, American Sign Language interpreters, readers, large print agendas or other accommodations are available upon request. Please make your requests for accommodations to the Office of Small Business, (415) 5545-6134, or email: sbac@sfgov.org. Requesting accommodations at least 72 hours prior to the meeting will help to ensure availability.

LANGUAGE ACCESS

Per the Language Access Ordinance (Chapter 91 of the San Francisco Administrative Code), Chinese, Spanish and/or Filipino (Tagalog) interpreters will be available upon requests. Meeting Minutes may be translated, if requested, after they have been adopted by the Commission. Assistance in additional languages may be honored whenever possible. To request assistance with these services please contact the Office of Small Business at 415-554-6134, or email: sbac@sfgov.org at least 48 hours in advance of the hearing. Late requests will be honored if possible.

LOBBYIST ORDINANCE

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100, FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics>.

CHEMICAL SENSITIVITY

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR



LEGISLATIVE DIGEST

[Various Codes - Noise Regulations Relating to Residential Uses Near Places of Entertainment]

Ordinance amending the Building, Administrative, Planning, and Police Codes to require attenuation of exterior noise for new residential structures and acoustical analysis and field testing in some circumstances; to provide that a Place of Entertainment (POE) permitted for 12 months not become a public or private nuisance on the basis of noise for nearby residents of newly constructed or converted residential structures; to authorize the Entertainment Commission to hold a hearing on a proposed residential use near a POE, and require the project sponsor's participation in the hearing; to authorize the Entertainment Commission to measure noise conditions at such project sites and provide comments and recommendations regarding noise to the Planning Department and Department of Building Inspection; to require lessors and sellers of residential property to disclose to lessees and purchasers potential noise and other inconveniences associated with nearby POE's and authorize civil penalties for not providing disclosure; to require that such disclosure requirements be recorded against a residential property in a Notice of Special Restrictions; to require the Planning Department and Commission to consider noise issues when reviewing proposed residential projects; and to specify factors concerning noise for the Entertainment Commission to review when considering granting a POE permit; and making environmental findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and findings of local conditions under California Health and Safety Code, Section 17958.7; and directing the Clerk of the Board of Supervisors to forward the Ordinance to specified state agencies upon final passage.

Existing Law

Under the Police Code, a Place of Entertainment (POE), such as a live music venue or nightclub, may obtain a permit to operate, which includes maximum allowable noise levels due to the POE's operation. The Entertainment Commission issues these permits after a public hearing. (Police Code § 1060.5.)

Applications for the construction and conversion of residential buildings are reviewed by the Department of Building Inspection and Planning Department, as appropriate. Neither the Building Code nor the Planning Code specifically addresses conflicts related to noise between POEs and nearby residential uses.

Under the Planning Code, residential development is permitted in certain mixed use (commercial and residential) zoning areas. The Building Code does not include an upper limit

for interior noise levels in habitable rooms of residential units, although it did contain such a provision in the past.

Amendments to Current Law

This ordinance would amend various codes, including the Building, Administrative, Planning and Police Codes, to address noise associated with POEs that impacts nearby residents of newly constructed or converted residential buildings.

First, the ordinance would amend the Building Code to set a 45-decibel limit for interior noise levels, based on a weighted average measurement. In addition, for projects where average exterior noise levels exceed 60 decibels, the ordinance would require an acoustical analysis and report regarding interior noise levels, to demonstrate how interior noise limits would be satisfied. (Building Code §§ 1207.4-1207.7.) The ordinance would require the Department of Building Inspection, in consultation with the Planning Department, to notify project sponsors of these requirements as soon as practicable. (Building Code § 1207.8.)

Second, the ordinance would create a new Administrative Code Chapter 116. Chapter 116 would provide that a permitted POE shall not constitute a public or private nuisance on the basis of noise for residents of residential buildings constructed or converted for residential use within the past 10 years. Chapter 116 would also create a hearing process at the Entertainment Commission for new residential construction and conversion within 300 feet of a permitted POE, which a project sponsor would be required to attend; would authorize the Entertainment Commission to measure noise generated by such POEs; and would prohibit the issuance of development permits until the Entertainment Commission hearing process has been completed and the Entertainment Commission has submitted its comments and recommendations, if any, to the Planning Department and Department of Building Inspection. In addition, Chapter 116 would require that all owners of residential property within 300 feet of a POE provide a disclosure notice to new purchasers and lessees that the nearby POE may subject them to inconveniences such as noise, odor and litter. A notice of special restriction shall be recorded against newly approved residential developments containing this notice requirement.

Third, the ordinance would direct the Planning Commission and Planning Department to take all reasonably available means through the City's design review and approval processes to ensure that the design of new residential development projects takes into account the needs and interests of both the Places of Entertainment and the future residents of the new development. Such considerations may include, among other things, the proceedings before the Entertainment Commission and any recommendations or comments by the Entertainment Commission based on those proceedings. (Planning Code § 314.)

Fourth, the ordinance would clarify that, pursuant to Police Code Section 2909(e), the Entertainment Commission, when issuing a permit to a POE, may set noise limits that are higher or lower than those provided in Police Code Article 29, taking into account a number of

factors, and may test for compliance with those limits. (Police Code §§ 1060.5 & 1060.15.) In addition, the ordinance would clarify that a permitted POE may request an increase in its permitted noise level. (Police Code § 1060.24.1.)

Background Information

As residential development increases in areas that formerly were predominantly commercial in character, there has been an increase in conflicts between POEs and new residents, based on nighttime noise associated with POEs. The City has received numerous noise complaints from these residents, and POEs have undertaken costly noise attenuation measures in response to complaints.

The State Building Code, which is part of the City's Building Code, formerly included a 45-decibel interior noise limit. However, that provision was removed from the most recent version of the State Building Code and thus is not part of the current City Building Code. This ordinance would reinstate that provision at the local level, while adding a new provision that interior noise levels shall be established using the higher result of two standard methods of calculating interior noise levels.

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1 [Various Codes - Noise Regulations Relating to Residential Uses Near Places of
2 Entertainment]

3 **Ordinance amending the Building, Administrative, Planning, and Police Codes to**
4 **require attenuation of exterior noise for new residential structures and acoustical**
5 **analysis and field testing in some circumstances; to provide that a Place of**
6 **Entertainment (POE) permitted for 12 months not become a public or private nuisance**
7 **on the basis of noise for nearby residents of newly constructed or converted**
8 **residential structures; to authorize the Entertainment Commission to hold a hearing on**
9 **a proposed residential use near a POE, and require the project sponsor's participation**
10 **in the hearing; to authorize the Entertainment Commission to measure noise**
11 **conditions at such project sites and provide comments and recommendations**
12 **regarding noise to the Planning Department and Department of Building Inspection; to**
13 **require lessors and sellers of residential property to disclose to lessees and**
14 **purchasers potential noise and other inconveniences associated with nearby POE's**
15 **and authorize civil penalties for not providing disclosure; to require that such**
16 **disclosure requirements be recorded against a residential property in a Notice of**
17 **Special Restrictions; to require the Planning Department and Commission to consider**
18 **noise issues when reviewing proposed residential projects; and to specify factors**
19 **concerning noise for the Entertainment Commission to review when considering**
20 **granting a POE permit; and making environmental findings, and findings of**
21 **consistency with the General Plan, and the eight priority policies of Planning Code,**
22 **Section 101.1, and findings of local conditions under California Health and Safety**
23 **Code, Section 17958.7; and directing the Clerk of the Board of Supervisors to forward**
24 **the Ordinance to specified state agencies upon final passage.**
25

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Environmental and Other Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 141298 and is incorporated herein by reference. The Board hereby affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 141298, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code Amendment will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. _____ and the Board incorporates such reasons herein by reference.

(d) At a duly noticed hearing held on _____, the Building Inspection Commission considered this ordinance, pursuant to San Francisco Charter § 4, Appendix D.3.750-5.

1
2 Section 2. Findings of Local Conditions Under California Health and Safety Code
3 Section 17958.7.

4 (a) San Francisco is a small and unusually dense city, in which residential,
5 commercial, and industrial uses are often located close to each other. San Francisco is
6 approximately 49 square miles, located on a peninsula and bounded on three sides by water.
7 Therefore, the opportunities for new development are largely limited to vertical development.
8 To accommodate all desirable uses, San Francisco has many mixed use zoning districts.
9 Modification of the State Building Code is necessary to maximize the compatibility of those
10 diverse uses.

11 (b) San Francisco is currently experiencing a high demand for housing. Residential
12 vacancy rates are approximately 7%. As a result, in recent years there has been a significant
13 increase in residential development in the City, including in areas that traditionally have not
14 had substantial residential development.

15 (c) Due to the unusual density and topography of San Francisco's built environment,
16 including the proximity of residential, commercial, and industrial uses, as well as the design
17 and zoning of San Francisco's neighborhoods, new residential developments may be located
18 close to existing Places of Entertainment, which may generate nighttime noise.

19 (d) In San Francisco, current California building standards for new residential
20 development often do not adequately attenuate interior noise created by or associated with
21 nearby Places of Entertainment.

22 (e) The City's Entertainment Commission and Department of Public Health have
23 received numerous complaints from residents who have moved into new developments near
24 existing licensed Places of Entertainment about nighttime noise created by or associated with
25 those Places of Entertainment.

1 (f) Because of San Francisco's topography, the modifications to the California Building
2 Code contained in this ordinance are reasonably necessary to increase compatibility between
3 existing Places of Entertainment and new residential development, and to promote the health,
4 safety, and welfare of the residents of San Francisco.

5
6 Section 3. Legislative Findings.

7 (a) During evening and nighttime hours, noise generated by or associated with
8 permitted Places of Entertainment may sometimes be heard by nearby residents in their
9 homes, and, from time to time, levels of interior noise may reach undesirable levels for some
10 residents.

11 (b) Even so, many residents of San Francisco wish to live close to commercial uses,
12 including Places of Entertainment, and the City's zoning regulations allow for mixed uses in
13 the same zoning district in many areas.

14 (c) Places of Entertainment are an important part of the City's cultural fabric and
15 provide an important amenity to its residents.

16 (d) In addition, according to a 2012 report by the Office of the Controller, "The
17 Economic Impact of San Francisco's Nightlife Businesses," Places of Entertainment and other
18 nightlife businesses are a major source of employment, economic activity, and tax revenue for
19 San Francisco, as well as an economic driver, drawing new visitors and spending to San
20 Francisco. In 2010, nightlife establishments, including live music venues, nightclubs,
21 restaurants, bars, live theater and other performance venues, and art galleries, generated
22 \$4.2 billion in spending within San Francisco. Furthermore, in 2010, live music venues,
23 nightclubs, bars, and theaters hosted approximately 16 million customers and generated \$820
24 million in spending within San Francisco; 43% of Bay Area residents who visited the City did
25

so primarily to patronize live music venues, nightclubs, bars, and theaters; and 47% of tourists from outside the Bay Area visited the City for that reason.

(e) Some Places of Entertainment have been the subject of numerous noise complaints and as a result have been required to undertake costly noise attenuation measures. The imposition of these requirements may impose a significant financial burden on those Places of Entertainment, threatening their continued operation.

(f) Developers of residential projects routinely communicate with and perform outreach to neighbors and neighborhood groups prior to construction of the projects, but do not always similarly engage with or about neighboring Places of Entertainment.

Section 4. The Building Code is hereby amended by adding new Sections 1207.4 through 1207.8, to read as follows:

SECTION 1207.4. Definitions.

The following definitions apply to Sections 1207.4 through 1207.8 of this Code.

COMMUNITY NOISE EQUIVALENT LEVEL (CNEL) is a metric similar to the Ldn, except that a 5 dB adjustment is added to the equivalent continuous sound exposure level for evening hours (7 p.m. to 10 p.m.) in addition to the 10 dB nighttime adjustment used in the Ldn.

DAY-NIGHT AVERAGE SOUND LEVEL (Ldn) is the A-weighted equivalent continuous sound exposure level for a 24-hour period with a 10 dB adjustment added to sound levels occurring during nighttime hours (10 p.m. to 7 a.m.).

NORMALIZED A-WEIGHTED SOUND LEVEL DIFFERENCE (Dn) means for a specified source room sound spectrum, the difference, in decibels, between the average sound levels produced in two rooms after adjustment to the expected acoustical conditions when the receiving room under test is normally furnished.

1 **SECTION 1207.5. Exterior sound transmission control.**

2 **1207.5.1 Application.** *Residential structures located in noise critical areas, such as in*
3 *proximity to highways, county roads, city streets, railroads, rapid transit lines, airports, nighttime*
4 *entertainment venues, or industrial areas, shall be designed to prevent the intrusion of exterior noises*
5 *beyond levels prescribed by the Municipal Code. Proper design to accomplish this goal shall include,*
6 *but not be limited to, orientation of the residential structure, setbacks, shielding, and sound insulation*
7 *of the building.*

8 **1207.5.2. Allowable interior noise levels.** *Interior noise levels attributable to exterior sources*
9 *shall not exceed 45 dB in any habitable room. The noise metric shall be either the day-night average*
10 *sound level (Ldn) or the community noise equivalent level (CNEL), whichever is higher.*

11 **1207.5.3. Other noise sources.** *Residential structures to be located where the Ldn or CNEL*
12 *exceeds 60dB shall require an acoustical analysis showing that the proposed design will limit exterior*
13 *noise to the prescribed allowable interior level. The Planning Department's map titled Areas*
14 *Potentially Requiring Noise Insulations, and similar maps and guidance produced by the Planning*
15 *Department, shall be used where possible to identify sites with noise levels potentially greater than 60*
16 *dB.*

17
18 **SECTION 1207.6. Compliance.**

19 **(a)** *Evidence of compliance with Section 1207.5 shall consist of submittal of an acoustical*
20 *analysis report, prepared under the supervision of a person experienced in the field of acoustical*
21 *engineering, with the application for a building permit. The report shall show topographical*
22 *relationships of noise sources and dwelling sites, identification of noise sources and their*
23 *characteristics, predicted noise spectra and levels at the exterior of the proposed dwelling structure*
24 *considering present and future land usage, the basis or bases for the prediction (measured or obtained*
25 *from published data), noise attenuation measures to be applied, and an analysis of the noise insulation*

effectiveness of the proposed construction showing that the prescribed interior noise level requirements are met.

(b) If interior allowable noise levels are met by requiring that windows be unopenable or closed, the design for the structure must also specify a ventilation or air-conditioning system to provide a habitable interior environment. The ventilation system must not compromise the dwelling unit or guest room noise reduction.

SECTION 1207.7. Field testing.

(a) When inspection indicates that the construction is not in accordance with the approved design, or that the noise reduction is compromised due to sound leaks or flanking paths, field testing may be required. A test report showing compliance or noncompliance with prescribed interior allowable levels shall be submitted to the building official.

(b) Field measurements of outdoor sound levels shall generally follow the guidelines prepared by the American Society for Testing and Materials (ASTM) in ASTM E 1014.

(c) Field measurements of the A-weighted airborne sound insulation of buildings from exterior sources shall generally follow the guidelines prepared by the American Society for Testing and Materials (ASTM) in ASTM E 966.

(d) For the purpose of this Section 1207.7, sound level differences measured in unoccupied units shall be normalized to a receiving room reverberation time of one-half second. Sound level differences measured in occupied units shall not be normalized to a standard reverberation time.

SECTION 1207.8. The Department of Building Inspection shall consult with the Planning Department to ensure that notice to sponsors of residential development projects affected by Sections 1207.4 through 1207.7 are provided with notice of the requirements of this Section as soon as practicable in the project approval process.

1
2 Section 5. The Administrative Code is hereby amended by adding new Chapter 116,
3 consisting of Sections 116.1 through 116.10, to read as follows:
4

5 **CHAPTER 116: COMPATIBILITY AND PROTECTION**
6 **FOR RESIDENTIAL USES AND PLACES OF ENTERTAINMENT**
7

8 **SECTION 116.1. DECLARATION OF POLICY.**

9 *It shall be the policy of the City to protect existing Places of Entertainment from potential*
10 *conflicts with adjacent and nearby residential development uses, provided that such Places of*
11 *Entertainment are operated and maintained in accordance with all applicable federal, state, and local*
12 *laws and regulations, including applicable noise restrictions. The City encourages the use by*
13 *developers of residential projects of best available noise control technologies and best management*
14 *practices whenever possible to reduce the potential for conflict with Places of Entertainment.*

15 *Furthermore, it shall be the policy of the City to protect the future residents of industrial,*
16 *commercial, and mixed-use neighborhoods in which Places of Entertainment operate, by providing*
17 *notification processes to inform such residents of the possible noise levels in such neighborhoods and*
18 *by requiring design features in new residential construction to promote the compatibility of residential*
19 *uses and entertainment uses in adjacent or nearby Places of Entertainment.*
20

21 **SECTION 116.2. DEFINITIONS.**

22 *For the purposes of this Chapter 116, the following definitions shall apply.*
23 *"City" means the City and County of San Francisco.*
24
25

1 "Development Permit" means any land use permit or entitlement, including but not limited to
2 any building permit, site permit, Conditional Use authorization, variance, or decision based on
3 discretionary review of a proposed project.

4 "Place of Entertainment" is defined in Section 1060 of the Police Code.

5 "Project" means a structure for Residential Use, where the structure's exterior boundaries are
6 within 300 radial feet of a Place of Entertainment that has been permitted for 12 or more consecutive
7 months prior to the filing of the first complete application for a Development Permit for construction of
8 the structure or for its conversion to Residential Use.

9 "Project Site" means the lot or lots on which a Project is located.

10 "Residential Use" means the use of any real property as a dwelling unit or units, regardless of
11 whether it is a primary residence or a mixed use property.

12 "Transfer" means sale or lease.

13 "Transferor" means an owner of a Project who sells or leases all or any portion of the Project
14 to a Transferee, and includes but is not limited to the owner's agents, partners, employees, assigns,
15 successors, representatives, and heirs.

16 "Transferee" means a purchaser or lessee of all or any portion of a Project, and includes but is
17 not limited to the owner's agents, partners, employees, assigns, successors, representatives, and heirs .

18 19 **SECTION 116.3. EXEMPTIONS AND NONAPPLICATION.**

20 (a) This Chapter 116 does not supersede or limit any other provision of the Municipal Code,
21 including but not limited to the Police Code, Building Code, Health Code and Planning Code,
22 regarding the regulation and control of Nighttime Entertainment Uses as defined in the Planning
23 Code.

24 (b) This Chapter 116 does not authorize a change in use or uses where such is otherwise
25 controlled or prohibited by the Municipal Code or state or federal law.

1 (c) This Chapter 116 does not authorize the continuation or expansion of a nonconforming use
2 where such is otherwise controlled or prohibited by the Municipal Code.

3
4 **SECTION 116.4. PROTECTION FOR EXISTING PLACES OF ENTERTAINMENT.**

5 No establishment that has held a permit to operate as a Place of Entertainment within 300
6 radial feet of a building constructed or converted for Residential Use within the past 10 years shall be
7 or become a public or private nuisance on the basis of noise for that resident, if the Place of
8 Entertainment operates in compliance with the Municipal Code and the terms of its permits.

9
10 **SECTION 116.5. PLANNING DEPARTMENT NOTIFICATION TO PROJECT**
11 **SPONSORS.**

12 (a) The Planning Department shall maintain a list of permitted Places of Entertainment,
13 available to the public on its website, received from and updated by the Entertainment Commission
14 pursuant to Police Code Section 1060.5.

15 (b) When a Project sponsor submits an application for Development Permit for a Project, the
16 Planning Department shall notify in writing the Place(s) of Entertainment and the Entertainment
17 Commission of the Project application, and shall provide the Project sponsor with a copy of the
18 provisions of this Ordinance.

19
20 **SECTION 116.6. ACOUSTICAL MEASUREMENTS BY ENTERTAINMENT**
21 **COMMISSION STAFF.**

22 (a) In addition to any acoustical analysis required by the Building Code, prior to any hearing
23 by the Entertainment Commission on a Project pursuant to Section 116.7, Entertainment Commission
24 staff may take exterior acoustical measurements of conditions at the Project site, to determine normal
25 daytime conditions, normal nighttime conditions when no performance is taking place at any Place of

1 Entertainment within 300 radial feet of the proposed Project, and conditions during a performance at
2 any Place of Entertainment within 300 radial feet of the proposed Project. The property owner shall
3 provide Entertainment Commission staff with reasonable access to the Project Site for this purpose.
4 This information may be made available to the Entertainment Commission to inform the Entertainment
5 Commission's consideration of the Project pursuant to Section 116.7.

6 (b) The acoustical measurements required by this Section 116.6 shall not constitute
7 determinations or findings of the Entertainment Commission.

8 (c) A report of the acoustical measurements required by this Section 116.6 shall be forwarded
9 to the Department of Public Health within five business days after the measurements are take, and at
10 least five business days prior to any Entertainment Commission hearing on the Project.

12 **SECTION 116.7. ENTERTAINMENT COMMISSION HEARING.**

13 (a) After receiving notice from the Planning Department of an application for a Development
14 Permit for a proposed Project pursuant to Section 116.5 of this Code, and prior to the City's issuance
15 of any Development Permit, the Entertainment Commission shall hold a hearing on noise issues related
16 to the proposed Project and any Place of Entertainment within 300 radial feet of the proposed Project.
17 The Entertainment Commission, or its staff as delegated by the Entertainment Commission, may, in its
18 discretion, determine that a hearing is not required, if the available evidence indicates that noise from
19 the Place of Entertainment is not likely to create a significant disturbance for residents of the Project.

20 (b) For any such hearing, the Entertainment Commission shall invite any Place of
21 Entertainment that is within 300 radial feet of the Project to attend the hearing and submit evidence,
22 including testimony, at the hearing, and the Project sponsor shall present testimony and submit
23 evidence to the Entertainment Commission regarding current noise levels in the area of the proposed
24 Project, including all acoustical analysis conducted to date; the Project's proposed noise attenuation

1 features; the projected level of interior noise for residential units in the Project; and the Project
2 sponsor's engagement or plans for engagement with the Place(s) of Entertainment.

3 (c) Within 14 calendar days after the Entertainment Commission receives notice of a
4 Development Permit application for a proposed Project pursuant to Section 116.5 of this Code, the
5 Entertainment Commission shall give written notice to the Planning Department and/or Department of
6 Building Inspection, as appropriate, of whether it intends to hold a hearing on the proposed Project.
7 Within 30 days after providing that notice, the Entertainment Commission shall hold a hearing, if it has
8 elected to do so, and shall provide in writing to the Planning Department and/or Department of
9 Building Inspection, as appropriate, a notice regarding whether the Project sponsor attended the
10 hearing and written comments and recommendations, if any, pertaining to noise issues for the proposed
11 Project, including but not limited to the following:

12 _____ (A) a report of any acoustical measurements taken pursuant to Section 116.6; and

13 _____ (B) any recommendations regarding whether Development Permits should be issued
14 and whether conditions relating to noise attenuation should be imposed.

15 The Entertainment Commission, or its staff as delegated by the Commission, shall extend this
16 30-day period for up to 60 additional days if requested by the Project sponsor.

17 (d) The Planning Department, Planning Commission, and Department of Building Inspection
18 shall not approve any Development Permit until the following has occurred:

19 _____ (1) the Entertainment Commission has provided written notification either that the
20 Entertainment Commission does not intend to hold a hearing, or that it has held a hearing and the
21 Project sponsor attended the hearing; and

22 _____ (2) the Entertainment Commission has provided written comments and
23 recommendations, if any, pursuant to Section 116.7, or the time provided in this Section 116.7 for doing
24 so has elapsed.

1 (e) The Project sponsor shall indicate its compliance with Section 116.7(b) on the face of any
2 building plans submitted to the Planning Department and Department of Building Inspection.

3 (f) For purposes of this Section 116.7, any required writing by the Entertainment Commission
4 may be transmitted by electronic means.

5
6 **SECTION 116.8. NOTICE REQUIREMENTS FOR TRANSFER OF REAL PROPERTY**
7 **FOR RESIDENTIAL USE.**

8 **(a) Notice Requirement.**

9 (1) Any Transferor of all or part of a structure for Residential Use within 300 radial
10 feet of a Place of Entertainment, where the Place of Entertainment has been in operation for 12 or
11 more consecutive months prior to the Transfer, shall provide notice to the Transferee as follows:

12 (A) For transfers of all or part of a Project having any Residential Use, the
13 Transferor shall provide the disclosure described in this Section 116.8 on a separate written document.
14 This notice shall be provided as follows:

15 (i) for a lease, prior to the tenant(s) signing the lease; and

16 (ii) for a purchase agreement, at the time required by California Civil
17 Code Section 1102.3.

18 (B) Disclosure.

19 The disclosure shall include a citation to this Chapter 116 and a statement containing
20 substantially the following language in at least 12-point font:

21 "DISCLOSURE OF NEIGHBORING PLACE OF ENTERTAINMENT.

22 You are purchasing or leasing property that is adjacent or nearby to [name and address of the
23 Place(s) of Entertainment]. This venue is an existing Place of Entertainment, as defined in Police Code
24 Section 1060, which includes establishments such as live music venues, nightclubs and theaters. This
25 establishment may subject you to inconveniences or discomfort arising from or associated with its

1 operations, which may include, but are not limited to, nighttime noise, odors, and litter. One or more
2 of the inconveniences or discomforts may occur even if the Place of Entertainment is operating in
3 conformance with existing laws and regulations and locally accepted customs and standards for
4 operations of such use. If you live near a Place of Entertainment, you should be prepared to accept
5 such inconveniences or discomforts as a normal and necessary aspect of living in a neighborhood with
6 mixed commercial and residential uses."

7 (3) The Transferor shall provide each Transferee with a copy of this Chapter 116 in
8 effect when the notice required by this Section 116.8 is given to the Transferee.

9 (4) Affidavit of Disclosure.

10 (A) Contents of Affidavit. The Transferor shall sign, upon penalty of perjury, an
11 affidavit containing the following information, with appropriate terms to be inserted in place of the
12 bracketed language, as specified:

13 (i) the identity of the Transferor, and any entity on whose behalf the
14 Transferor is acting;

15 (ii) the identity of the Transferee;

16 (iii) the address, including unit number, of the portion of the Project
17 being transferred;

18 (iv) whether the Transfer is a sale or lease; and

19 (v) the following language:

20 "I have provided to the [purchaser or lessee] the disclosure required by San Francisco
21 Administrative Code Chapter 116. Attached is a true and correct copy of the notice provided to the
22 [purchaser or lessee].

23 I declare under penalty of perjury under the laws of the State of California that the foregoing is
24 true and correct. Executed on [date] in [city and state]."

25 (B) Affidavit Transmitted to Entertainment Commission.

1 The Transferor shall transmit to the Entertainment Commission the Affidavit and a copy of the
2 notice provided to each Transferee; provided, however, that the attachment need not also include a
3 copy of the then-current text of this Chapter 116. Upon request of the Transferee, the Transferor shall
4 also provide a copy of this Affidavit, with an attached copy of the notice referenced in the Affidavit, to
5 the Transferee.

6 _____ (C) Upon request, the Entertainment Commission shall provide a copy of the
7 Affidavit and attached notice to any member of the public, including a representative of a Place of
8 Entertainment.

9 _____ (5) Covenants, Conditions & Restrictions for Condominium Projects. If the Project will
10 be subdivided into condominiums, the requirements of this Section 116.8 must be included as terms of
11 the Covenants, Conditions, & Restrictions ("CC&Rs") that will be filed with the State and that govern
12 owners of the property. Upon request, a copy of the CC&Rs must be provided to the Planning
13 Department.

14 (b) Failure to Provide Notice.

15 _____ (1) In addition to any liability for administrative penalties pursuant to the Planning
16 Code due to failure to comply with this Section 116.8, any person who fails to provide the disclosure
17 required by this Section may be liable for a civil penalty of \$500 for each failure to provide said
18 disclosure to a Transferee. This penalty may be assessed and recovered in a civil action brought in the
19 name of the people of the City by the City Attorney in any court of competent jurisdiction. The City
20 Attorney also may seek recovery of the attorneys' fees and costs incurred in bringing a civil action
21 pursuant to this Section 116.8.

22 _____ (2) Any member of the public, including any Place of Entertainment, may file a
23 complaint with the Planning Department regarding a Transferor's failure to provide the notice
24 required by this Section 116.8.

operations, which may include, but are not limited to, nighttime noise, odors, and litter. One or more of the inconveniences or discomforts may occur even if the Place of Entertainment is operating in conformance with existing laws and regulations and locally accepted customs and standards for operations of such use. If you live near a Place of Entertainment, you should be prepared to accept such inconveniences or discomforts as a normal and necessary aspect of living in a neighborhood with mixed commercial and residential uses."

(3) The Transferor shall provide each Transferee with a copy of this Chapter 116 in effect when the notice required by this Section 116.8 is given to the Transferee.

(4) Affidavit of Disclosure.

(A) Contents of Affidavit. The Transferor shall sign, upon penalty of perjury, an affidavit containing the following information, with appropriate terms to be inserted in place of the bracketed language, as specified:

(i) the identity of the Transferor, and any entity on whose behalf the Transferor is acting;

(ii) the identity of the Transferee;

(iii) the address, including unit number, of the portion of the Project being transferred;

(iv) whether the Transfer is a sale or lease; and

(v) the following language:

"I have provided to the [purchaser or lessee] the disclosure required by San Francisco Administrative Code Chapter 116. Attached is a true and correct copy of the notice provided to the [purchaser or lessee]."

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on [date] in [city and state]."

(B) Affidavit Transmitted to Entertainment Commission.

1 The Transferor shall transmit to the Entertainment Commission the Affidavit and a copy of the
2 notice provided to each Transferee; provided, however, that the attachment need not also include a
3 copy of the then-current text of this Chapter 116. Upon request of the Transferee, the Transferor shall
4 also provide a copy of this Affidavit, with an attached copy of the notice referenced in the Affidavit, to
5 the Transferee.

6 _____ (C) Upon request, the Entertainment Commission shall provide a copy of the
7 Affidavit and attached notice to any member of the public, including a representative of a Place of
8 Entertainment.

9 _____ (5) Covenants, Conditions & Restrictions for Condominium Projects. If the Project will
10 be subdivided into condominiums, the requirements of this Section 116.8 must be included as terms of
11 the Covenants, Conditions, & Restrictions ("CC&Rs") that will be filed with the State and that govern
12 owners of the property. Upon request, a copy of the CC&Rs must be provided to the Planning
13 Department.

14 (b) Failure to Provide Notice.

15 _____ (1) In addition to any liability for administrative penalties pursuant to the Planning
16 Code due to failure to comply with this Section 116.8, any person who fails to provide the disclosure
17 required by this Section may be liable for a civil penalty of \$500 for each failure to provide said
18 disclosure to a Transferee. This penalty may be assessed and recovered in a civil action brought in the
19 name of the people of the City by the City Attorney in any court of competent jurisdiction. The City
20 Attorney also may seek recovery of the attorneys' fees and costs incurred in bringing a civil action
21 pursuant to this Section 116.8.

22 _____ (2) Any member of the public, including any Place of Entertainment, may file a
23 complaint with the Planning Department regarding a Transferor's failure to provide the notice
24 required by this Section 116.8.

1 **SECTION 116.9. NOTICE OF SPECIAL RESTRICTIONS.**

2 (a) At the time a proposed Project is approved, a Notice of Special Restrictions (NSR) must be
3 recorded with the Assessor-Recorder that states all of the restrictions of Section 116.8 and any other
4 conditions that the Planning Commission or Department places on the property. Pursuant to Article 1.7
5 of the Planning Code, the Planning Department is authorized to enforce the terms of the NSR,
6 including but not limited to enforcement for any failure to comply with the provisions of Section 116.8.

7
8 **SECTION 116.10. NO PRIVATE RIGHT OF ACTION AGAINST CITY.**

9 This Chapter 116 shall not create any private right of action against the City. The City shall
10 have no duty or liability based on any failure to achieve the disclosure required by this Chapter or
11 based on the City's failure to prosecute.

12
13 Section 5. The Planning Code is hereby amended by adding new Section 314, to read
14 as follows:

15 **SECTION 314. REVIEW OF RESIDENTIAL PROJECTS.**

16 In addition to any other factors appropriate for consideration under the Planning Code, the
17 Planning Department and Commission shall consider the compatibility of uses when approving
18 Residential Uses adjacent to or near existing permitted Places of Entertainment and shall take all
19 reasonably available means through the City's design review and approval processes to ensure that the
20 design of such new residential development projects takes into account the needs and interests of both
21 the Places of Entertainment and the future residents of the new development. Such considerations may
22 include, among others:

23 (a) The proposed project's consistency with applicable design guidelines;
24
25

1 **(b) any proceedings held by the Entertainment Commission relating to the proposed project,**
2 **including but not limited to any acoustical data provided to the Entertainment Commission, pursuant to**
3 **Administrative Code Section 116.5; and**
4 **(c) any comments and recommendations provided to the Planning Department by the**
5 **Entertainment Commission regarding noise issues related to the project pursuant to Administrative**
6 **Code Section 116.7.**

7
8 Section 6. The Police Code is hereby amended by revising Sections 1060.5, 1060.15,
9 and 1060.24.1, to read as follows:

10
11 **SEC. 1060.5. DETERMINATION OF APPLICATION FOR A PLACE OF**
12 **ENTERTAINMENT PERMIT.**

13 * * * *

14 (b) (1) The applicant shall cause a notice of the hearing to be conspicuously and
15 continuously posted for at least 30 days before the scheduled hearing date on the premises of
16 the Business. Where the Business is located in a neighborhood-commercial or mixed
17 residential district, as defined in Article 7 and 8 of the ~~San Francisco~~ Planning Code, the
18 applicant shall also make a good faith effort to distribute leaflets at each residence located
19 within 150 feet of the Business, unless the Entertainment Commission finds that a Business
20 located in a district is not likely to significantly generate nighttime noise and traffic to the
21 detriment of residences located in that immediate area. Applicants subject to the requirement
22 of distributing leaflets shall do so at least 30 days before the scheduled hearing date and the
23 distribution shall be done in compliance with the provisions of Article 57 (beginning with
24 Section 184.69) of the ~~San Francisco~~ Public Works Code. The Director shall provide notice of
25 the hearing at least 30 days before the hearing to any Person who has filed a written request

1 for such notice, which notice may be given electronically if the Person has provided electronic
2 contact information, or by mail.

3 * * * *

4 (d) (1) The Entertainment Commission shall hold a hearing and determine whether to
5 grant or deny the permit within 45 City business days of the date that the applicant has
6 submitted a complete application under Section 1060.5(a), except that this 45 day period shall
7 be extended for such period or periods of time that apply under the following circumstances:

8 (A~~ii~~) If the Entertainment Commission finds that an extension of time is
9 necessary to obtain additional information for its review of the application under the standards
10 set forth in Subsection (f) of this Section, the time period shall be extended for an additional
11 amount of time as the Commission determines appropriate, up to 15 additional days; and

12 (B~~ii~~) Upon the applicant's request, the Entertainment Commission shall
13 continue the hearing for an additional period of time to allow the applicant an opportunity to
14 comply with the requirements of this Article, in which case the time period is extended for that
15 additional period; and

16 (C~~ii~~) If the applicant fails to post or maintain notice of the hearing, or
17 make a good faith effort to distribute leaflets to residences, as required by Subsection (b) of
18 this Section, the Director shall have the hearing before the Entertainment Commission
19 continued for such period or periods of time that the Director determines necessary for the
20 applicant to comply with the posting requirement, in which case the time period is extended
21 for that additional period or periods of time; and

22 (D~~iv~~) If the Director finds that the Commission is unable to meet during
23 the 45 day time period or any permitted time extension due to exigent circumstances, the time
24 period shall be extended until the Commission is able to meet; the Commission shall consider
25 the matter at the first meeting that it conducts following such circumstances.

1 * * * *

2 (g) Conditions on Permits.

3 (1) When the Commission grants or conditionally grants a permit, it shall require
4 the applicant as a condition of the permit to comply with the Security Plan that has been
5 approved as provided under this Article.

6 (2) Pursuant to its authority under subsection (e) of Section 2909 of this Code, when the
7 Commission grants, conditionally grants, or amends a permit, it may require the Permittee as a
8 condition of the permit to comply with noise limits that are lower or higher than those set forth in
9 Article 29 of this Code. In considering whether to impose noise limits that are different from those in
10 Article 29, the Commission may consider any or all of the following factors:

11 (A) Noise generated by licensed Places of Entertainment generally Citywide, as
12 determined by Commission staff;

13 (B) Noise generated by the Place of Entertainment in the evening and nighttime;

14 (C) In the case of an amendment to an existing permit, the length of time the
15 Place of Entertainment has operated, either under the current operator or prior operators;

16 (D) In the case of an amendment to an existing permit, whether the Commission,
17 Police Department, and/or Department of Public Health have received noise complaints related to the
18 operation of the Place of Entertainment;

19 (E) The proximity of the Place of Entertainment to other Places of
20 Entertainment or commercial uses;

21 (F) The proximity of the Place of Entertainment to existing residential buildings;
22 and

23 (G) In the case of an amendment to an existing permit, whether the Place of
24 Entertainment's operations preceded the construction or current use of the buildings in which
25 complainants reside or work.

1 (3) The Commission may impose additional reasonable time, place and manner
2 conditions on the permit. In considering whether to impose said conditions, the Commission
3 shall consider where relevant the circumstances surrounding any previous denial of a permit
4 application or previous suspension or revocation of a permit, under this Article or Article 15.2,
5 for the same permit applicant or Permittee.

6 * * * *

7 *(i) The Entertainment Commission shall maintain an updated list of all currently permitted*
8 *Places of Entertainment, and shall provide that list, with updates as appropriate, to the Planning*
9 *Department.*

10
11 **SEC. 1060.15. SOUND TEST.**

12 As a condition of any permit issued under this Article, the Commission or the Director
13 shall have the authority to require a sound test to ensure compliance with the allowable noise
14 limits under Section 49 and Article 29 of the San Francisco Police Code or any alternative noise
15 limits set by the Commission in the permit as authorized by subsection (e) of Section 2909 of this Code.

16
17 **SEC. 1060.24.1. COMPLIANCE WITH CONDITIONS; AMENDMENT OF PERMIT TO**
18 **CHANGE CONDITIONS.**

19 No Permittee shall operate a Business in any manner inconsistent with any condition
20 imposed on the permit. A Permittee may request an amendment to a permit to remove or
21 change a condition, including but not limited to an amendment to increase the noise limits contained
22 in the permit as authorized by subsection (e) of Section 2909, by filing a request with the Secretary
23 of the Commission and paying the fee for an Amendment to a Permit required under Police
24 Code Section 2.26. The Entertainment Commission shall conduct a hearing and determine
25 whether to approve the application to amend the permit according to the procedures

governing the initial application as set forth in Section 1060.5 and the standards set forth in Section 1060.5(f).

Section 7. Effective Date; Inapplicability to Pending Building Permit Applications.

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

(b) This ordinance shall not apply to any complete application for a building or site permit that was submitted to the Department of Building Inspection before the effective date of this ordinance.

Section 8. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

Section 9. Undertaking for the General Welfare. In enacting and implementing this ordinance, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

1 Section 10. Directions to Clerk of the Board. The Clerk of the Board of Supervisors is
2 directed to forward this ordinance to the State Building Standards Commission after final
3 passage, as required by Health and Safety Code Section 17958.7. The Clerk is further
4 directed to send a copy of the finally-passed ordinance to the California Department of
5 Housing and Community Development for informational purposes, as required by Health and
6 Safety Code Section 19165.

7
8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10 By: _____
11 VICTORIA WONG
12 Deputy City Attorney

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SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, March 23, 2014

2:00 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

1. Call to order and roll call.

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Presentation on Google's Small Business Engagement** (Discussion Item)

Presentation by: Rebecca Prozan, Public Policy and Government Affairs Manager, Google
Joe DeMike, Global Business, Google
Adrianna Samaniego, Diversity Markets, Google
Allison Bernstein, Diversity Markets, Google

4. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141302 [Health Code - Massage Practitioners, Establishments, and Associated Fees]** Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners and establishments by, among other things; 1) eliminating the exemption of massage establishments employing only State-certified massage practitioners from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for general and advanced massage practitioner permits; 3) denying massage establishment permits to applicants who have been convicted of or are currently charged with criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking general and advanced massage practitioner permits, massage establishment permits, outcall massage service permits, and sole practitioner massage establishment permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance. (Discussion and Possible Item)

Explanatory Documents: BOS File No. 141302 Legislative Digest; BOS File No. 141302 Legislation

Presentation by: Supervisor Katy Tang

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

5. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141303 [Planning Code – Massage Establishments]** Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1. (Discussion and Possible Item)

Explanatory Documents: BOS File No. 141303 Legislative Digest; BOS File No. 141303 Legislation

Presentation by: Supervisor Katy Tang

6. **Update and discussion for the development and implementation of the Legacy Business Program.** (Discussion and Possible Action Item)

Explanatory Documents: BOS File No. 141038 Legislative Digest; BOS File No. 141038 Legislation

7. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
8. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
9. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
10. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
11. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
12. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your

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rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact the Sunshine Ordinance Task Force:

City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

CELL PHONE AND/OR SOUND-PRODUCING ELECTRONIC DEVICE USAGE AT HEARINGS

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

DISABILITY ACCESS POLICY

Commission hearings are held in Room 400 at City Hall, 1 Dr. Carlton B. Goodlett Place in San Francisco (unless otherwise noted). City Hall is accessible to persons using wheelchairs and other assistive mobility devices. Ramps are available at the Grove, Van Ness and McAllister entrances. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call 311. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street).

Assistive listening devices, real time captioning, American Sign Language interpreters, readers, large print agendas or other accommodations are available upon request. Please make your requests for accommodations to the Office of Small Business, (415) 5545-6134, or email: sbac@sfgov.org. Requesting accommodations at least 72 hours prior to the meeting will help to ensure availability.

LANGUAGE ACCESS

Per the Language Access Ordinance (Chapter 91 of the San Francisco Administrative Code), Chinese, Spanish and or Filipino (Tagalog) interpreters will be available upon requests. Meeting Minutes may be translated, if requested, after they have been adopted by the Commission. Assistance in additional languages may be honored whenever possible. To request assistance with these services please contact the Office of Small Business at 415-554-6134, or email: sbac@sfgov.org at least 48 hours in advance of the hearing. Late requests will be honored if possible.

LOBBYIST ORDINANCE

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100, FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics>.

CHEMICAL SENSITIVITY

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

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LEGISLATIVE DIGEST

[Health Code - Massage Practitioners, Establishments, and Associated Fees]

Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners and establishments by, among other things; 1) eliminating the exemption of massage establishments employing only State-certified massage practitioners from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for general and advanced massage practitioner permits; 3) denying massage establishment permits to applicants who have been convicted of or are currently charged with criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking general and advanced massage practitioner permits, massage establishment permits, outcall massage service permits, and sole practitioner massage establishment permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance.

Existing Law

Article 29 of the Health Code provides a comprehensive permitting and regulatory framework for massage practitioners and massage establishments over which the Department of Public Health (DPH) has jurisdiction.

A massage practitioner requires a permit issued by DPH in order to provide massage services, unless the practitioner holds a certificate to practice issued by the California Massage Therapy Council ("CAMTC"). Similarly, a massage establishment generally requires a permit from DPH in order to operate, but not if it employs only CAMTC-certified massage practitioners.

Applicants for a massage practitioner permit need to complete 100 hours of instruction in massage in order to receive a permit. An advanced permit is awarded to practitioners who have completed 200 hours of instruction.

Massage establishment permit applicants are required to pass criminal background checks, and supply substantial information about their proposed business. Establishment permit holders must satisfy a number of requirements and restrictions in operating their business and are subject to inspections for non-compliance. Both massage practitioners and massage

establishments are entitled to DPH Director's hearings for permit denials, suspensions, or revocations.

Amendments to Current Law

Under the Ordinance as amended, massage establishments employing only state-certified massage practitioners would require a DPH permit and would be subject to all of the same requirements as other massage establishments in the City. Applicants for a massage practitioner permit would have to complete 250 hours of instruction for a general permit, and 500 hours for an advanced permit. The amended ordinance would also deny an establishment permit to anyone with an ownership interest in the proposed establishment who had been convicted of, or is currently charged with criminal acts related to human trafficking. The amended Ordinance also conforms the provisions of Article 29 governing massage practitioner attire posting requirements for posting human trafficking information to state law for the purpose of ensuring that DPH will have local enforcement authority.

The amended Ordinance also adjusts the timing and criteria for various permit actions and clarifies the amount of fees due for each type of permit. It also contains a major reorganization of existing provisions to gather the related requirements together, ensure consistency among the various requirements, promote compliance, and facilitate effective enforcement.

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[Health Code - Massage Practitioners, Establishments, and Associated Fees]

Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners and establishments by, among other things; 1) eliminating the exemption of massage establishments employing only State-certified massage practitioners from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for general and advanced massage practitioner permits; 3) denying massage establishment permits to applicants who have been convicted of or are currently charged with criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking general and advanced massage practitioner permits, massage establishment permits, outcall massage service permits, and sole practitioner massage establishment permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance.

NOTE: Unchanged Code text and uncodified text are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

1 Section 1. Article 29 of the Health Code is hereby amended by renumbering and
2 revising, with the new section number in parentheses, Sections 29.1 (29.5), 29.2 (29.10), 29.3
3 (29.11), 29.4 (29.12), 29.5 (29.13), 29.6 (29.15), 29.7 (29.16), 29.8 (29.18), 29.10 (29.25),
4 29.11 (29.26), 29.12 (29.27 and 29.32), 29.13 (29.28), 29.14 (29.29), 29.15 (29.32), 29.16
5 (29.32), 29.17 (29.32), 29.18 (29.32), 29.19 (29.33), 29.20 (29.31), 29.21 (29.34), 29.22
6 (29.12 and 29.29), 29.23 (29.4), 29.24 (29.14 and 29.30), 29.25 (29.2 and 29.3), 29.26
7 (29.40-29.42), 29.27 (29.45), 29.28 (29.46), 29.29 (29.47), 29.30 (29.48), 29.31 (29.49), and
8 29.32 (29.50); deleting Section 29.9; and adding new Sections 29.1, 29.40, and 29.51, to read
9 as follows:

10 ARTICLE 29
11 LICENSING AND REGULATION OF
12 MESSAGE PRACTITIONERS AND ESTABLISHMENTS

13
14 GENERAL PROVISIONS

15 SEC. 29.1 FINDINGS AND PURPOSE.

16 SEC. 29.2. ADMINISTRATION AND ENFORCEMENT.

17 SEC. 29.3. COMPLAINT LINE.

18 SEC. 29.4. TRANSFER OF PERMIT.

19 SEC. 29.5. DEFINITIONS.

20
21 MESSAGE PRACTITIONER PERMITS

22 SEC. 29.10. PERMIT REQUIRED FOR MESSAGE PRACTITIONER; EXEMPTIONS.

23 SEC. 29.11. APPLICATION FOR GENERAL OR ADVANCED MESSAGE
24 PRACTITIONER PERMIT.

25 SEC. 29.12. ISSUANCE OF MESSAGE PRACTITIONER PERMIT.

1 SEC. 29.13. TEMPORARY MASSAGE PRACTITIONER PERMITS.

2 SEC. 29.14. EDUCATIONAL MATERIALS.

3 SEC. 29.15. MASSAGE PRACTITIONER IDENTIFICATION CARD.

4 SEC. 29.16. MASSAGE PRACTITIONER ANNUAL LICENSE FEE.

5 SEC. 29.17. MASSAGE PRACTITIONER CONDUCT REQUIREMENTS.

6 SEC. 29.18. SUSPENSION OR REVOCATION OF MASSAGE PRACTITIONER
7 PERMIT.

8
9 ESTABLISHMENT PERMITS

10 SEC. 29.25. ESTABLISHMENT PERMIT REQUIRED; EXEMPTIONS.

11 SEC. 29.26. APPLICATION FOR ESTABLISHMENT PERMIT.

12 SEC. 29.27. REQUIREMENTS FOR MASSAGE FACILITIES.

13 SEC. 29.28. REFERRAL OF PERMIT APPLICATION TO OTHER DEPARTMENTS.

14 SEC. 29.29. ISSUANCE OF ESTABLISHMENT PERMIT.

15 SEC. 29.30. BUSINESS TAX AND ZONING INFORMATION.

16 SEC. 29.31. ESTABLISHMENT ANNUAL LICENSE FEE.

17 SEC. 29.32. ESTABLISHMENT OPERATING REQUIREMENTS.

18 SEC. 29.33. INSPECTION.

19 SEC. 29.34. SUSPENSION OR REVOCATION OF ESTABLISHMENT PERMIT.

20
21 FEES

22 SEC. 29.40. MASSAGE PRACTITIONER FEES.

23 SEC. 29.41. ESTABLISHMENT FEES.

24 SEC. 29.42. ADJUSTMENT OF FEES.

1 ENFORCEMENT AND PENALTIES

2 SEC. 29.45. VIOLATIONS AND ADMINISTRATIVE PENALTIES.

3 SEC. 29.46. COST RECOVERY.

4 SEC. 29.47. VIOLATIONS AND CRIMINAL PENALTIES.

5 SEC. 29.48. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.

6 SEC. 29.49. UNDERTAKING FOR THE GENERAL WELFARE.

7 SEC. 29.50. SEVERABILITY.

8 SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.

9
10 GENERAL PROVISIONS

11 SEC. 29.1. FINDINGS AND PURPOSE.

12 (a) In 2008, the Legislature enacted uniform statewide regulations pertaining to massage
13 therapy (Senate Bill No. 731 (2008), amended by Assembly Bill 619 (2011)) codified in Business and
14 Professions Code Sections 4600 et seq. The regulations created a private nonprofit benefit
15 corporation, the California Massage Therapy Council ("CAMTC"), which was authorized to regulate
16 and standardize the issuance of certificates to massage professionals throughout the state.

17 (b) The 2008 law as amended also served to exempt massage practitioners and massage
18 therapists who are certified by the CAMTC and massage establishments that employ only CAMTC-
19 certified practitioners from local permitting and other regulatory requirements except for reasonable
20 health and safety standards. This has had a preemptive effect on the ability of cities and counties to
21 effectively regulate massage establishments.

22 (c) The lack of local regulation has led to a marked increase in the number of massage
23 establishments that have opened in San Francisco, especially in some areas of the City that now exhibit
24 a significant concentration of such establishments.

1 (d) The lack of regulation has also allowed many illicit massage establishments to open,
2 sometimes under euphemistic monikers like “relaxation spa” or “health club.” These illicit
3 establishments are generally outlets of the sex trade, and some engage in human trafficking and other
4 human rights violations. Such massage establishments are detrimental to the health and safety of the
5 community and adversely impact the local economy by driving legitimate business away, potentially
6 affecting the vitality of neighborhoods and the provision of adequate services for residents and visitors
7 alike.

8 (e) In 2014, the Legislature passed, and Governor Brown signed, Assembly Bill No. 1147
9 (“AB 1147”), which authorizes local governments to use their regulatory and land use authority to
10 ensure the public’s safety, reduce human trafficking, and enforce local standards for the operation of
11 the business of massage therapy in the best interests of the affected community.

12 (f) Under AB 1147, cities and counties regained broad control over the ability to regulate
13 establishments that provide massage therapy services, and CAMTC retained responsibility over
14 regulating those individuals who hold a CAMTC certificate to practice massage therapy.

15 (g) Through this Article 29, the City seeks to exercise its authority under AB 1147 to
16 regulate all massage establishments, including those that employ only CAMTC-certified practitioners,
17 and to regulate massage practitioners who do not hold a CAMTC certificate.

18 **SEC. 29.2. ADMINISTRATION AND ENFORCEMENT.**

19 This Article shall be administered and enforced by the Department of Public Health. The
20 Director, after a noticed public hearing, may adopt rules and regulations to carry out the provisions of
21 this Article.

22 **SEC. 29.3. COMPLAINT LINE.**

23 The Director shall maintain a phone line for inquiries and complaints regarding massage
24 businesses and practitioners.

25 **SEC. 29.4. TRANSFER OF PERMIT.**

1 No permit issued under this Article shall be transferable under any circumstances, including but
2 not limited to the sale of the massage establishment.

3 **SEC. 29.51. DEFINITIONS.**

4 For the purposes of this Article:

5 "Advanced Massage Practitioner" means a Massage Practitioner whom the Department has
6 granted an advanced permit rather than a general permit on the basis of having satisfied the additional
7 education requirements set forth in Section 29.11(c).

8 "Approved School" or "Approved Massage School" means a school that provides instruction
9 and training in massage and meets the requirements of California Business and Professions Code
10 Section 4601(a).

11 "CAMTC" means the California Massage Therapy Council as ~~defined~~established in the
12 California Business and Professions Code Section 4602 ~~§ 4600(e)~~, or any successor agency.

13 "CAMTC Certified Practitioner" means an individual who administers massage for
14 compensation and holds a valid and active certificate to practice massage issued by CAMTC pursuant
15 to California Business and Professions Code Sections 4604 or 4604.2.

16 "City" means the City and County of San Francisco.

17 "Compensation" means a payment, loan, advance, donation, contribution, deposit, forgiveness
18 of debt, or gift of money or anything of value.

19 "Convicted" means having pled guilty or having received a verdict of guilty, including a
20 verdict following a plea of nolo contendere, to a crime.

21 "Department" means Department of Public Health.

22 "Director" means the Director of the Department of Public Health or any individual
23 designated by the Director to act on his or her behalf.

24 "Establishment" means Massage Establishment, Outcall Massage Service, and Sole Practitioner
25 Massage Establishment collectively, except where otherwise specified.

1 "Health Care Provider" shall mean any person whose activities are licensed or regulated under
2 Division 2 of the California Business and Professions Code or any initiative act referred to in that
3 Division.

4 "Massage" means any method of pressure on or friction against, or stroking, kneading,
5 rubbing, tapping, pounding, vibrating, or stimulating of the external soft pads of the body with
6 the hands or with the aid of any ~~meechanical-electrical~~ apparatus or appliances, ~~with or without~~
7 ~~such supplementary aids as rubbing alcohol, liniments, antiseptics, oils, powder, lotions, ointments, or~~
8 ~~other similar preparations.~~

9 "Massage ~~e~~Establishment" means a fixed place of business where more than one
10 ~~person individual administers engages in or carries on, or permits to be engaged in or carried on, the~~
11 ~~practice of m~~Massage for Compensation, excluding those locations where Massage is provided only
12 ~~on an outcall basis.~~

13 "Massage ~~p~~practitioner" means any individual ~~who, for any monetary consideration~~
14 ~~whatsoever, engages in the practice of massage who administers Massage for Compensation pursuant~~
15 ~~to a permit issued by the Director under this Article 29. Except as otherwise specified, "Massage~~
16 ~~p~~Practitioner" shall include~~s~~ both general ~~massage practitioners~~ and advanced ~~massage~~
17 practitioners, as provided in Section 29.211. "Massage Practitioner" does not include CAMTC
18 Certified Practitioner.

19 "Non-profit ~~O~~rganization" means any organization having a formally recognized exemption
20 ~~fraternal, charitable, religious, benevolent, or any other nonprofit organization having a regular~~
21 ~~membership association primarily for mutual social, mental, political, and civic welfare, to which~~
22 ~~admission is limited to the members and guests and revenue accruing therefrom to be used exclusively~~
23 ~~for the benevolent purposes of said organization and which organization or agency is exempt from~~
24 ~~federal income taxation, under the Internal Revenue Laws of the United States as a bona fide fraternal,~~
25 ~~charitable, religious, benevolent, or non-profit organization, pursuant to the Internal Revenue Code.~~

1 "Outcall ~~M~~message ~~S~~service" means any business other than a not permitted as a
2 Mmessage Eestablishment or Solo pPractitioner mMessage eEstablishment that provides under
3 the provisions of this Article, wherein the primary function of such business is to engage in or carry on
4 mMessage for Compensation not at a fixed location but at a location designated by the client or
5 customerrather than on its premises.

6 "Owner" means any individual, partnership, firm, association, corporation, or combination of
7 individuals of whatever form or character with an ownership interest in a business that provides
8 Massage services.

9 "Permittee" means the owner, proprietor, manager, or operator of a massage establishment,
10 outeall-massage-service, or solo-practitioner-massage establishment.

11 "Person" means any individual, partnership, firm, association, joint stock company,
12 corporation, or combination of individuals of whatever form or character.

13 "Recognized school for massage" means any school or institution of learning which teaches the
14 theory, ethics, practice, profession, and work of massage, which requires a resident course of study of
15 not less than 100 hours to be completed before the student shall be furnished with a diploma or
16 ertificate of graduation, and which has been approved pursuant to California Education Code
17 Sections 94301 et seq., or, if said school or institution is not located in California, has complied with
18 standards commensurate with those required in said Sections 94301 et seq. and has obtained
19 certification under any similar state approval program, if such exists.

20 "Solo pPractitioner mMessage eEstablishment" means a Massage practice at a fixed
21 place of business where a person holding and solely owned by an advanced mMessage
22 pPractitioner permit holder or CAMTC Certified Practitioner, engages in or carries on, or permits to
23 be engaged in or carried on, the practice of who is the only person who provides mMessage for
24 Compensation. The business location Said fixed place of business may be shared by two to four
25 advanced mMessage pPractitioners or CAMTC Certified Practitioners in any combination, or two

1 ~~to four advanced massage practitioners~~ and one or more ~~hHealth Care Providers or healing arts~~
2 ~~practitioners~~, except as otherwise provided pursuant to Section 29.2914(e).

4 MASSAGE PRACTITIONER PERMITS

5 SEC. 29.102. PERMIT REQUIRED FOR MASSAGE PRACTITIONER; 6 EXEMPTIONS.

7 (a) Permit Required. It shall be unlawful for any individual ~~who is not certified as a~~
8 ~~massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions~~
9 ~~Code to engage in the practice to administer Mmassage for Compensation~~ without first obtaining a
10 Massage Practitioner permit from the Director, unless that individual is exempt from the permit
11 requirement under subsection (b).

12 ~~(b) An individual may receive a permit as either a general massage practitioner or an~~
13 ~~advanced massage practitioner, as provided in Section 29.3. As used in this Article, the term "massage~~
14 ~~practitioner" shall refer to both general massage practitioners and advanced massage practitioners,~~
15 ~~unless otherwise specifically provided in this Article.~~

16 (b) Exemptions. The following massage service providers are exempt from the permit
17 requirement in subsection (a):

18 (1) CAMTC Certified Practitioners.

19 ~~(e2) A permit is not required where the individual is a A~~ licensed or certificated
20 ~~hHealth eCare Provider practitioner~~ practicing massage as part of his or her health care
21 practice. ~~For purposes of this Section, "health care practitioner" shall mean any person whose~~
22 ~~activities are licensed or regulated under Division 2 of the California Business and Professions Code~~
23 ~~or any initiative act referred to in that division.~~

24 ~~(d3) A permit is not required where the individual is a~~ barber, cosmetologist, esthetician,
25 or manicurist licensed or certificated pursuant to Division 3, Chapter 10, of the California

1 Business and Professions Code, practicing massage as part of his or her work as a barber,
2 cosmetologist, esthetician, or manicurist and within the scope of any relevant state restrictions
3 on the practice of massage by members of those professions.

4 ~~(e) An individual practicing massage under the direction of a non-profit organization, and the~~
5 ~~organization itself are exempt from permit and license fees under this Article, but the individual and the~~
6 ~~organization must obtain the necessary permits and licenses and otherwise comply with all relevant~~
7 ~~requirements.~~

8 **SEC. 29.113. APPLICATION FOR GENERAL OR ADVANCED MESSAGE**
9 **PRACTITIONER PERMIT. ~~GENERAL AND ADVANCED PRACTITIONERS NOT CERTIFIED BY~~**
10 **~~THE CAMTC.~~**

11 (a) Permit Application. ~~Unless certified as a massage practitioner or therapist by the CAMTC~~
12 ~~pursuant to the California Business and Professions Code, e~~ Every applicant for a ~~m~~ Massage
13 ~~p~~ Practitioner permit shall:

- 14 (1) F file an application with the Director upon a form provided by the Director;
15 (2) P Provide a complete set of fingerprints in the manner required by the Director for the
16 purpose of undergoing a criminal background check; and
17 (3) P pay a non-refundable application fee, as set forth in Section 29.2640.

18 (b) Applicant Information. The application ~~form for a massage practitioner permit~~ shall
19 ~~require the applicant to provide set forth,~~ under penalty of perjury, the following information:

- 20 (1) The applicant's Name and residence address ~~of the applicant;~~
21 (2) A unique identifying number from at least one government-issued form of
22 identification, such as a social security card, a state driver's license or identification card, or a
23 passport;
24 (3) Written evidence that the applicant is at least 18 years of age;
25 (4) The Applicant's height, weight, and color of hair and eyes;

1 (5) The applicant's work history Business, occupation, or employment of the applicant
2 for the five years immediately prior to the date of application; this information shall include, but
3 not be limited to, a statement as to whether or not the applicant, in working as a massage practitioner
4 or bodywork technician or similar occupation under a permit or license, has had such permit or license
5 revoked or suspended, and the reasons therefor; and

6 (6) All permits, certificates, or licenses related to the practice of Massage currently
7 or formerly held by the applicant in San Francisco or elsewhere, including any discipline imposed by
8 the issuing authority and a statement whether the applicant is currently the subject of a disciplinary
9 process; and

10 (7) All felony or misdemeanor convictions and pending criminal charges that are
11 unresolved; and

12 (8) Any additional information as required by the Director.

13 (c) Minimum Educational Requirements for General and Advanced Permits. Massage
14 Practitioner permits shall be awarded at the general or advanced level, depending on the number of
15 hours of instruction and training the applicant has completed. An applicant for a general
16 ~~m~~Massage ~~p~~Practitioner permit shall provide, ~~as part of the application, the name and address of~~
17 ~~the recognized school for massage attended, the dates attended, and the original of the diploma or~~
18 ~~certificate of completion awarded the applicant, in a form acceptable to the Director, documentation~~
19 showing that the applicant has completed not less than ~~250~~~~100~~ hours of instruction in massage
20 and related subjects at an Approved Massage School. An applicant for an advanced ~~m~~Massage
21 ~~p~~Practitioner permit shall provide acceptable documentation that the applicant has successfully
22 completed 500 hours of such instruction. ~~as part of the application, the name and address of the~~
23 ~~recognized school or schools for massage attended, the dates attended, and the original of the~~
24 ~~diploma(s) or certificate(s) of completion awarded the applicant showing that the applicant has~~
25 ~~completed not less than 200 hours of instruction.~~ The additional ~~250~~~~100~~ hours of instruction

required for the advanced ~~m~~Message ~~p~~Practitioner permit may be completed at one or more ~~Approved s~~Schools. If the applicant already holds a current general ~~m~~Message ~~p~~Practitioner permit, he or she needs only submit documentation for the additional ~~250+00~~ hours of instruction necessary for the advanced ~~m~~Message ~~p~~Practitioner permit.

(d) Proficiency Test. The Director shall administer a ~~culturally sensitive~~ test to all applicants, in the applicant's own language, to confirm basic proficiency in ~~m~~Message before issuing a permit.

~~(e) The Director is hereby authorized to require in the application any other information including, but not limited to, any information necessary to discover the truth of the matters set forth in the application.~~

SEC. 29.124. ISSUANCE OF MESSAGE PRACTITIONER PERMIT. ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~

(a) Time for Decision. Within ~~14~~ days following a hearing, or, if no hearing is held, within 60 business days following receipt of a completed application for a ~~m~~Message ~~p~~Practitioner permit, ~~for a practitioner who is not certified as a message practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code~~ the Director shall either issue the permit or mail a written statement of his or her reasons for denial thereof to the applicant. If the Director takes neither action, the permit shall be deemed issued.

~~(b) Hearing on Application. The Director may, in his or her discretion, hold a hearing on any pending application for a Message Practitioner permit. The Director shall give the applicant at least 10 days' written notice of the time and place of the hearing.~~

~~(c)~~ Grounds for Denial. No ~~m~~Message ~~p~~Practitioner permit shall be issued if the Director finds:

- (1) The applicant is exempt from the permit requirement pursuant to Section 29.10; or

1 ~~(2) The applicant has provided materially false information, documents, or~~
2 testimony in support of the application or in any other matter before the Director; or

3 ~~(2) The applicant has not complied fully with the provisions of this Article; or~~

4 (3) Within five years immediately prior to the date of application, the applicant
5 has had any license, certificate, or permit related to the practice of ~~m~~Massage revoked or, if
6 from another jurisdiction, suspended under circumstances that qualify for revocation under this Article
7 29, or is currently the subject of an unresolved disciplinary process that may result in suspension or
8 revocation; or

9 (4) The applicant has been eConvicted of, or is currently charged with, any of the
10 following offenses ~~or convicted of an offense outside the State of California that would have~~
11 ~~constituted any of the following offenses if committed within the State of California:~~

12 (A) Any felony involving the use of coercion, ~~or~~ force, orand violence
13 upon another person; or

14 (B) Any misdemeanor sexual battery; or

15 (C) Any offense involving sexual misconduct with children; or

16 (D) Any offense requiring registration pursuant to Section 290 of the
17 California Penal Code or, for Convictions outside California, any offense requiring registration in
18 California under Penal Code Section 290.005.

19 ~~(5) The applicant has failed to satisfy the education requirements or pass the massage~~
20 proficiency test; or

21 ~~(6) The Director concludes that there is good cause to deny the permit in accordance~~
22 with Section 26 of the Business and Tax Regulations Code.

23 ~~(de) Discretionary Exception for Criminal Convictions.~~ The Director may issue a
24 ~~m~~Massage pPractitioner permit to any individual eConvicted of one of the offenses listed in
25 Ssubsection ~~(cb)~~(4) of this Section if the Director finds that the offense was not violent, the

conviction occurred at least five years prior to the date of application, and the applicant has not been ~~e~~Convicted subsequently of ~~one of those a listed~~ offenses.

(ed) Right to Director's Hearing. If an application for a ~~m~~Massage ~~p~~Practitioner permit is denied, and provided that the Director did not hold a hearing on the application as provided in subsection (b) of this Section 29.12, within 30 days of the date of receipt of the notice of denial, the applicant may appeal the ~~decision~~ denial within 30 days of receipt of the notice of denial by notifying the Director in writing and explaining ~~The notice shall set forth~~ in detail the ground or grounds for the appeal. ~~Within 30 days of receipt of the notice of appeal,~~ The Director shall conduct a hearing to consider the appeal within 30 days of receiving the notice of appeal and ~~At least 10 days prior to the hearing, the Director~~ shall notify the applicant of the time and place of the hearing at least 10 days in advance of the hearing. The Director shall oversee the hearing, provide the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days ~~of the conclusion of the hearing.~~ ~~its conclusion.~~ The Director's ruling shall be the final decision of the Department. ~~If the Director does not rule within 30 days of the conclusion of the hearing, the permit denial shall be deemed sustained.~~

SEC. 29.135. TEMPORARY AND TRAINEE MESSAGE PRACTITIONER PERMIT~~S~~.
~~TRAINEE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~

(a) Temporary Permit During Application Period. Upon completion and submission of an application for a ~~m~~Massage ~~p~~Practitioner permit ~~for a practitioner who is not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code, as required in Section 29.3 of this Article,~~ and upon payment of all fees for the permit, an applicant may request a temporary ~~m~~Massage ~~p~~Practitioner permit. If requested, the Director shall issue the temporary ~~m~~Massage ~~p~~Practitioner permit, ~~which is~~ shall be valid for the period during which the application is under review, but in no event for more than 60 business days. The Director may revoke the temporary permit at any time if he or she finds that the applicant

has failed to meet any of the requirements of Section 29.412 or violated any provision of this Article 29.

(b) Trainee Permits. The Director may adopt rules and procedures for issuing trainee permits, not to exceed three months in duration, to persons who have otherwise successfully completed an application for a mMessage pPractitioner permit, and who are currently registered in an Approved recognized sMessage School of massage, and who seek to fulfill the training requirement imposed by the school.

SEC. 29.14. EDUCATIONAL MATERIALS.

The Director shall provide all persons receiving a Massage Practitioner permit with educational materials regarding their rights and informing them of available resources, such as health services and victim assistance, as well as emergency numbers and hotlines to call for information and assistance.

SEC. 29.156. MESSAGE PRACTITIONER IDENTIFICATION CARD. FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

The Director shall provide each all mMessage Practitioners granted a permit, who are not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code, with a photo identification card. Massage eEstablishments must post practitioner identification cards at all times in a public area for all Massage pPractitioners working at any mMessage eEstablishment or solo Sole pPractitioner mMessage eEstablishment. The identification card must be presented to any City health inspector or law enforcement officer upon request. at all times during the regular business hours of any massage establishment or solo practitioner massage establishment.

SEC. 29.167. MESSAGE PRACTITIONER ANNUAL LICENSE FEE.

Every mMessage pPractitioner shall pay to the Tax Collector an annual license fee; as set forth in Section 29.2641.

1 **SEC. 29.17. MASSAGE PRACTITIONER CONDUCT REQUIREMENTS.**

2 *(a) Required Attire. Massage Practitioners shall remain fully clothed while administering*
3 *massage or otherwise visible to clients on business premises, including premises designated by the*
4 *client through an Outcall Massage Service. The Massage Practitioner's attire shall not include: (1)*
5 *attire that is transparent, see-through, or that substantially exposes the practitioner's undergarments;*
6 *(2) swim attire, unless the practitioner is providing a water-based massage modality that has been*
7 *approved by CAMTC; or (3) attire that exposes the individual's breasts, buttocks, or genitals.*

8 *(b) Lewd Conduct Prohibited. Massage Practitioners shall not engage in lewd conduct on*
9 *business premises, including locations designated by the client through an Outcall Massage Service.*
10 *Lewd acts include, but are not limited to: the performance of acts or simulated acts of sexual*
11 *intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or vaginal), or flagellation; the*
12 *actual or simulated caressing or fondling by one adult human being of the anus or genitals of another*
13 *adult human being; the actual or simulated displaying of the pubic hair, anus, vagina, penis, vulva,*
14 *buttocks, areola, or any other external genitalia of the human body.*

15 **SEC. 29.18. ~~SUSPENSION OR~~ REVOCATION OF MASSAGE PRACTITIONER**
16 **PERMIT, ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

17 *(a) Grounds for Suspension or Revocation.* The Director may revoke or suspend any
18 ~~massage practitioner permit for a practitioner who is not certified as a massage practitioner or~~
19 ~~therapist by the CAMTC pursuant to the California Business and Professions Code, after a public~~
20 ~~hearing, if the Director finds:~~

21 *(1) Facts sufficient to support denial of a Massage Practitioner permit on any ground*
22 *set forth in Section 29.12 The Massage Practitioner has willfully violated any of the provisions of this*
23 *Article; or*

24 *(2) The Massage Practitioner has violated the conduct requirements in Section 29.17*
25 *The massage practitioner has provided materially false documents or testimony; or*

1 (3) The Director finds that there is good cause to suspend or revoke the permit in
2 accordance with Section 26 of the Business and Tax Regulations Code ~~Within five years immediately~~
3 ~~prior to the date of application, the massage practitioner has had any license or permit related to the~~
4 ~~practice of massage revoked; or~~

5 (4) The ~~m~~Massage ~~p~~Practitioner has violated any of the provisions of this Article 29
6 or a rule or regulation adopted by the Director related to the practice of Massage.

7 (b) Hearing. A Massage Practitioner who has been cited by the Department for a violation of
8 any provision of this Article 29 shall be scheduled to appear at a hearing before the Director. Before
9 ~~any hearing is conducted under this Section, the~~ Director shall provide the ~~m~~Massage
10 ~~p~~Practitioner at least 2010 days' written notice. ~~The notice shall include~~ of the time, place, and
11 grounds for the hearing. If requested by the ~~m~~Massage ~~p~~Practitioner, the Director shall make
12 available all documentary evidence against him or her within two business days of the request ~~no~~
13 ~~later than 15 days prior to the hearing.~~ At the hearing, the ~~m~~Massage ~~p~~Practitioner shall be
14 provided an opportunity to refute all evidence against him or her. The Director shall oversee
15 the hearing and issue a ruling within 2030 days of ~~its~~ the conclusion of the hearing. If the
16 Director fails to issue a ruling within this time period, the permit shall not be suspended or revoked.
17 The Director's ruling shall be the final decision of the Department.

18 (c) Summary Suspension. The Director may suspend summarily any ~~m~~Massage
19 ~~p~~Practitioner permit issued under this Article 29 pending a noticed suspension or revocation
20 hearing ~~on revocation or suspension~~ when, in the opinion of the Director, the public health or
21 safety requires such summary suspension. The Director ~~Any affected permittee~~ shall provide ~~be~~
22 given written notice of such summary suspension to the Massage Practitioner by hand delivery ~~in~~
23 writing delivered to said permittee in person or by registered mail-letter.

ESTABLISHMENT PERMITS

1 ~~SEC. 29.9. REGISTRATION OF MESSAGE ESTABLISHMENTS THAT EMPLOY ONLY~~
2 ~~CAMTC CERTIFIED PRACTITIONERS.~~

3 ~~(a) All message establishments that employ only message practitioners who are certified by~~
4 ~~the CAMTC pursuant to the California Business and Professions Code, must provide copies of those~~
5 ~~certificates, and the home and work addresses of those message practitioners to the San Francisco~~
6 ~~Department of Public Health for all message practitioners employed by the establishment. The~~
7 ~~message establishment must provide notice of any changes within thirty (30) days.~~

8 ~~(b) All message establishments that employ only message practitioners who are certified by~~
9 ~~CAMTC must notify the Department if any CAMTC certified message practitioner loses their CAMTC~~
10 ~~certification.~~

11 ~~(c) Any message establishment that employs any message practitioner who is not certified by~~
12 ~~CAMTC must obtain a permit to operate a message establishment from the San Francisco Department~~
13 ~~of Public Health in accordance with this Article 29.~~

14 ~~(d) Upon notice from CAMTC, that the CAMTC certification of a message practitioner has~~
15 ~~been suspended or revoked, the Department shall send written notice to the message establishment that~~
16 ~~it must obtain a permit from the San Francisco Department of Public Health in order to continue to~~
17 ~~operate, and that it must apply for the permit within thirty (30) days of the notice. Failure to either~~
18 ~~apply for a San Francisco permit or to regain exempt status by employing only CAMTC certified~~
19 ~~message practitioners within thirty (30) days, may result in administrative penalties as set forth in this~~
20 ~~Article 29, Section 29.27.~~

21 **SEC. 29. 2540. ESTABLISHMENT PERMIT REQUIRED; EXEMPTIONS. FOR A**
22 **MESSAGE ESTABLISHMENT, SOLO PRACTITIONER; MESSAGE ESTABLISHMENT, OR**
23 **OUTCALL MESSAGE SERVICE, EXEMPTIONS FOR PRACTITIONERS NOT CERTIFIED BY THE**
24 **CAMTC.**

1 (a) Permit Required. It shall be unlawful for any ~~person~~ Owner of a Massage Establishment,
2 Outcall Massage Service, or Sole Practitioner Massage Establishment to operate that Establishment
3 engage in, conduct, or carry on, or to permit to be engaged in, conducted, or carried on, in or upon at
4 any location premises in the City the operation of a massage establishment, solo practitioner massage
5 establishment, or outcall massage service without first obtaining a permit from the Director. In the
6 event that a business owner or operator disclaims that the business provides Massage services, the
7 Director may hold a hearing to determine whether an Establishment permit is required, unless all
8 persons employed by that establishment or service are certified as massage practitioner(s) or
9 therapist(s) by the CAMTC pursuant to the California Business and Professions Code.

10 (b) Exemptions. The following businesses may provide massage services without obtaining an
11 Establishment permit.

12 (1) Hospitals, nursing homes, and other ~~State~~ state-licensed health care facilities
13 providing massage services to their patients shall not be required to obtain a permit under this
14 Section 29.25, where the services are provided by a ~~licensed or certificated h~~ Health ~~care~~ Care
15 Provider practitioner or an individual practicing massage under the direction of a ~~h~~ Health ~~care~~ Care
16 Provider practitioner. For purposes of this Section, "health care practitioner" shall mean any person
17 whose activities are licensed or regulated under Division 2 of the California Business and Professions
18 Code or any initiative act referred to in that division.

19 (e2) A permit shall not be required under this Section where the services are
20 provided on the premises ~~(1A)~~ by a ~~licensed or certificated h~~ Health ~~care~~ Care Provider practitioner ~~or~~
21 ~~(2B)~~ by a barber, cosmetologist, esthetician, or manicurist; licensed or certificated pursuant to
22 Division 3, Chapter 10, of the California Business and Professions Code, practicing massage
23 as part of his or her work as a barber, cosmetologist, esthetician, or manicurist, and within the
24 scope of any relevant state restrictions on the practice of massage by members of those
25 professions.

1 (c) Previously Exempt Massage Businesses. A massage business previously exempt from the
2 Establishment permit requirement under prior Section 29.9 but not currently exempt under subsection
3 (b) of this Section 29.25 may continue to operate without an Establishment permit until its application
4 for a permit is submitted and decided; provided that the Owner submits a completed application within
5 three months of the effective date of the ordinance deleting former Section 29.9; and further provided
6 that the business complies with all provisions of this Article and any rules and regulations that apply to
7 Establishments during the interim period in which it operates without a permit. The Director shall
8 conduct a public hearing on the application as provided in Section 29.29(b). The Director may deny
9 the application for an Establishment permit on any ground enumerated in Sections 29.29 and 29.34,
10 grant the permit, or grant the permit with conditions.

11 ~~A non-profit organization providing massage services on its premises, and the individuals~~
12 ~~providing the massage services, are exempt from permit and license fees under this Article, but the~~
13 ~~organization and the individuals must obtain the necessary permits and licenses and otherwise comply~~
14 ~~with all relevant requirements.~~

15 **SEC. 29.26H. APPLICATION FOR MESSAGE ESTABLISHMENT, SOLO**
16 **PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT, FOR**
17 **PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

18 (a) Application Requirements. Unless all massage practitioners or therapists providing
19 services are certified as a massage practitioner or therapist by CAMTC pursuant to the California
20 Business and Professions Code, every applicant for a massage establishment, solo practitioner
21 massage establishment, or outcall massage service permit To apply for an Establishment permit, the
22 Owner shall:

- 23 (1) ffile an application with the Director upon a form provided by the Director;
24 (2) pProvide a complete set of fingerprints in the manner required by the Director
25 from any person with an ownership interest in the Establishment, through the Live Scan process, or any

~~comparable successor technology~~, for the purpose of a undergoing a criminal background check;
and

(3) ~~p~~Pay a non-refundable application fee, as set forth in Section 29.2641.; and

(4) Permit inspection of any Massage facilities proposed to be operated under the Establishment permit by all relevant City departments.

(b) Applicant Information. The application form shall require the applicant to provide set forth, under penalty of perjury, the following information:

(1) The Owner's name(s), address(es), and any other identifying information requested by the Director;

(2) The exact nature ~~A~~ description of the all services to be rendered by the Establishment;

(3) The address of the proposed ~~place of business~~ Establishment and of any facilities proposed to be operated under the Establishment permit facilities thereof, and a copy of the rental agreement or lease showing the names of the landlord and all of the tenants or lessees who are parties to the rental agreement; or, if the Owner owns the premises, a copy of the deed and a disclosure of any other person or entity with a shared ownership interest in the premises;

(4) The number of individuals to be employed by the ~~business~~ Establishment, and, except in the case of a ~~sole~~ Sole ~~massage p~~Practitioner Massage eEstablishment, the names and permit or certificate numbers of any ~~m~~Massage ~~p~~Practitioners or CAMTC Certified Practitioners who shall operate under that permit;

(4) ~~The name, residence address, and date of birth of each applicant;~~

(5) ~~Any history of previous massage~~ All permits, certificates, or licenses related to the practice of Massage or the operation of an Establishment, currently or formerly held by an Owner, issued in San Francisco or issued by CAMTC or elsewhere, including any discipline imposed by the issuing authority and a statement whether the permit holder is currently the subject of a disciplinary

~~process, including whether any such permit or license has been revoked and the reasons therefor, for each applicant; and~~

(6) All felony or misdemeanor convictions and pending criminal charges that are unresolved for the applicant each person with an ownership interest in the Establishment, within the preceding ten years, including, but not limited to, felony sexual assault; sexual battery (Cal. Penal Code 243.4); rape (Cal. Penal Code 261); statutory rape (Cal. Penal Code 261.5); prostitution offenses related to pimping (Cal. Penal Code 266 and applicable subsections); pandering (Cal. Penal Code 266i); sex crimes for which registration is required under the Sex Offender Registration Act (Cal. Penal Code 290); keeping or residing in house of ill fame (Cal. Penal Code 315); keeping disorderly house (Cal. Penal Code 316); human trafficking (Cal. Penal Code 236.1); convictions in any other state of any offense which, if committed or attempted in this state, would have been punishable as one or more of the referenced offenses of this subdivision; and, conspiracy or attempt to commit any such offense described in the subsections above.; and

~~(e7) Any additional information as required by the The Director., is hereby authorized to require in the application any other information including, but not limited to, information related to the health, hygiene, and sanitation of the premises. and any information necessary to confirm the accuracy of the matters set forth in the application.~~

~~(c) The Director is hereby authorized to require in the application any other information including, but not limited to, information related to the health, hygiene, and sanitation of the premises and any information necessary to confirm the accuracy of the matters set forth in the application.~~

(c4) Organizational Owners. If an applicant for a massage the Owner of the eEstablishment or outcall massage service permit is or includes a corporation, the name of the corporation shall be set forth exactly as shown in its articles of incorporation together with the names and residence addresses of each of the officers, directors, and each stockholder holding more than 10 percent of the stock of the corporation. If the Owner application is or includes a

partnership, the application shall set forth the name and the residence address of each of the partners, including limited partners. If one or more of the partners is a corporation, the provisions of this Section subsection pertaining to corporate applicants applies. The applicant shall provide the same permit and criminal history information required of individual applicants, set forth in subsections (a)(2), (b)(1), (b)(5), and (b)(6) of this Section, above for each officer, director, and stockholder holding more than 10 percent of the stock of the corporation, or for each partner, including limited partners.

(de) Proof of Advanced Permit or CAMTC Certification for Sole Practitioners. In addition to the information required under subsections (b) and (e) of this Section, an applicant for a ~~sole~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment permit shall provide proof that he or she holds a current, valid advanced ~~m~~Massage pPractitioner permit or CAMTC certificate, issued by the Director under Section 29.2.

(ef) Compliance with Planning Code Notice Requirement. Applicants shall also submit proof of compliance with any applicable Planning Code requirements regarding notice and posting of the proposed ~~e~~Establishment.

(g) ~~An advanced-massage-practitioner holding a solo-practitioner massage establishment permit shall not be required to pay any additional permit fee for an outcall massage service permit.~~

(h) ~~Within 14 days following a hearing, or, if no hearing is held, within 60 business days following receipt of a completed application for a permit for a massage establishment that does not solely employ practitioners certified as a massage practitioner or therapist by the State of California pursuant to the California Business and Professions Code the Director shall either issue the permit or mail a written statement of his or her reasons for denial thereof to the applicant. If the Director takes neither action, the permit shall be deemed issued.~~

(i) ~~No massage establishment permit shall be issued if the Director finds:~~

(1) ~~The applicant has provided materially false documents or testimony; or~~

1 ~~(2) The applicant has not complied fully with the provisions of this Article; or~~

2 ~~(3) Within five years immediately prior to the date of application, the applicant has had~~
3 ~~any license or permit related to the operation of a massage establishment revoked by the City, another~~
4 ~~City or County, or by the CAMTC; or~~

5 ~~(4) The applicant has been convicted of any of the following offenses or convicted of an~~
6 ~~offense outside the State of California that would have constituted any of the following offenses if~~
7 ~~committed within the State of California, within the last five years: felony sexual assault; sexual battery~~
8 ~~(Cal. Penal Code 243.4); rape (Cal. Penal Code 261); statutory rape (Cal. Penal Code 261.5);~~
9 ~~prostitution offenses related to pimping (Cal. Penal Code 266 and applicable subsections); pandering~~
10 ~~(Cal. Penal Code 266i); sex crimes for which registration is required under the Sex Offender~~
11 ~~Registration Act (Cal Penal Code 290); keeping or residing in house of ill fame (Cal. Penal Code 315);~~
12 ~~keeping disorderly house (Cal. Penal Code 316); supervision of a prostitute (Cal. Penal Code 652.23);~~
13 ~~human trafficking (Cal. Penal Code 236.1); convictions in any other state of any offense which, if~~
14 ~~committed or attempted in this state, would have been punishable as one or more of the referenced~~
15 ~~offenses of this subdivision; and, conspiracy or attempt to commit any such offense described in the~~
16 ~~subsections above; or,~~

17 ~~(5) A massage establishment permit at the same location was revoked within the prior~~
18 ~~24 months.~~

19 ~~(j) If an application for a massage practitioner permit is denied, within 30 days of the date of~~
20 ~~receipt of the notice of denial, the applicant may appeal the decision by notifying the Director in~~
21 ~~writing. The notice shall set forth in detail the ground or grounds for the appeal. Within 30 days of~~
22 ~~receipt of the notice of appeal, the Director shall conduct a hearing to consider the appeal. At least 10~~
23 ~~days prior to the hearing, the Director shall notify the applicant of the time and place of the hearing.~~
24 ~~The Director shall oversee the hearing, provide the applicant an opportunity to speak at the hearing,~~
25 ~~and issue a ruling within 30 days of its conclusion. The Director's ruling shall be final.~~

1 **SEC. 29.2712. OPERATING REQUIREMENTS FOR ALL MASSAGE FACILITIES.**
2 **ESTABLISHMENTS.**

3 ~~All proposed massage facilities~~ *All massage establishments* must comply with the following
4 ~~reasonable health and safety~~ requirements:

5 (a) Toilet Rooms and Other Rooms. Toilet rooms shall be provided for ~~patrons~~ *clients* in
6 convenient locations.

7 (1) Construction of rooms used for toilets, as well as rooms used for, tubs,
8 steam baths, and showers shall be made waterproof with hard nonabsorbent materials ~~which~~
9 ~~that~~ are easily cleaned and shall be installed in accordance with the San Francisco Building
10 Code.

11 (2) Plumbing fixtures in toilet rooms as well as rooms used for, tubs, steam
12 baths, and showers shall be installed in accordance with the San Francisco Plumbing Code.

13 (3) Urinals may be substituted for toilets after one toilet has been provided.

14 (4) Doors to toilet rooms shall open inward and be self-closing.

15 (5) Toilet rooms shall be designated as to the gender accommodated therein.

16 (b) Handwashing Facilities. Handwashing facilities shall be provided within or adjacent
17 to the toilet rooms and shall be equipped with an adequate supply of hot and cold running
18 water under pressure.

19 (1) ~~Lavatories or wash basins~~ Handwashing facilities must ~~have~~ provide soap in a
20 dispenser and sanitary towels.

21 (2) Handwashing facilities shall be readily accessible to ~~the~~ massage
22 practitioner~~s~~.

23 (c) Light and Ventilation. All portions of the ~~massage e~~Establishment shall be provided
24 with adequate light ~~and ventilation~~ by means of windows, ~~or skylights, or with an area of not less~~
25 ~~than of the total floor area, or shall be provided~~ with an approved artificial light. Adequate

1 ~~ventilation shall be provided by means of windows or and~~ a mechanical operating ventilating
2 system.

3 (1) Toilet, dressing, and massage rooms shall be provided with at least 108 lux
4 (10 foot candles) of light.

5 (2) All electrical equipment shall be installed in accordance with the
6 requirements of the San Francisco Electrical Code.

7 ~~(d) A room, enclosure, or designated area shall be provided where patrons can change and~~
8 ~~store their clothes.~~

9 ~~(e) A room, enclosure, or designated area, which is separate from the toilet, massage room(s),~~
10 ~~steam room, or other common areas shared by the patrons shall be made available for each employee.~~

11 ~~(f) Every portion of a massage establishment, including appliances and apparatus, shall be~~
12 ~~kept clean and operated in a sanitary condition.~~

13 ~~—— (1) Adequate and suitable space shall be provided for storage of clean linens,~~
14 ~~including, but not limited to, sheets, towels, apparel.~~

15 ~~—— (2) Every massage establishment shall provide clean laundered sheets and towels and~~
16 ~~shall launder them after each use and store them in a sanitary manner.~~

17 ~~—— (3) No towels or sheets shall be laundered or dried in any massage establishment~~
18 ~~unless such massage establishment is provided with laundry facilities for such laundering and drying.~~

19 ~~—— (4) The massage establishment shall provide smooth, cleanable appropriately labeled~~
20 ~~receptacles for the storage of soiled linens and paper towels.~~

21 ~~—— (5) The massage establishment shall appropriately bag and dispose of soiled refuse.~~

22 ~~—— (6) Every massage establishment shall thoroughly clean its wet and dry heat rooms,~~
23 ~~shower compartments, and toilet rooms each business day.~~

24 ~~—— (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.~~

1 ~~(g) Any room in which a massage establishment provides massage services shall not be used~~
2 ~~for residential or sleeping purposes; provided, however, that the Director may allow such room to be~~
3 ~~used for residential or sleeping purposes if the Director finds that the health and safety of the patrons~~
4 ~~of the massage establishment will not be jeopardized.~~

5 ~~(h) Massage practitioners shall not engage in lewd or lascivious acts on the premises of a~~
6 ~~massage establishment during business hours, including but not limited to: the performance of acts, or~~
7 ~~simulated acts, of sexual intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or~~
8 ~~vaginal), flagellation; the actual or simulated caressing or fondling by one adult human being of the~~
9 ~~anus or genitals of another adult human being; the actual or simulated displaying of the pubic hair,~~
10 ~~anus, vagina, penis, vulva, buttocks, areola, or any other external genitalia of the human body.~~

11 ~~(i) Massage practitioners shall be fully clothed in clean, non-transparent clothing at all times~~
12 ~~that shall not expose their genitals, pubic area, buttocks or chest, nor shall the operator of a massage~~
13 ~~business allow or permit any person providing services at the massage establishment to dress in non-~~
14 ~~conforming clothing~~

15 ~~(j) Massage Establishment interior and exterior doors shall remain unlocked during business~~
16 ~~hours except in establishments where all practitioners are certified by the CAMTC, when there is no~~
17 ~~staff available to ensure security for clients and massage staff who are behind closed doors.~~

18 ~~(k) No alcoholic beverages or drugs may be sold, served, used, or possessed on the premises of~~
19 ~~any massage establishment during business hours. "Alcoholic beverage" includes a mixture of one or~~
20 ~~more alcoholic beverages ingested separately or as a mixture as defined in Section 23004 of the~~
21 ~~California Business and Professions Code. "Drug" shall include all narcotics, drugs, or controlled~~
22 ~~substances as defined in Chapter 2 (commencing with Section 11053) of Division 10 of the California~~
23 ~~Health and Safety Code.~~

24 ~~(l) Unless the massage establishment operator and all practitioners are CAMTC-certified, the~~
25 ~~operator of the massage establishment must post a notice informing the public and victims of human~~

1 ~~trafficking of telephone hotline numbers to seek help or report unlawful activity in English, Spanish,~~
2 ~~Cantonese and Vietnamese, and other appropriate languages as determined by the Department in a~~
3 ~~conspicuous place near the public entrance of the massage establishment or in another conspicuous~~
4 ~~location in clear view of the public and employees where similar notices are customarily posted~~
5 ~~pursuant to Cal. Civil Code Section 52.6.~~

6 **SEC. 29.2813. REFERRAL OF PERMIT APPLICATION TO OTHER**
7 **DEPARTMENTS, ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

8 (a) Code Compliance. The Director, within 10 days of receiving an application for a
9 permit to operate a ~~m~~Massage ~~e~~Establishment or ~~solo~~ Sole pPractitioner ~~m~~Massage
10 ~~e~~Establishment ~~permit where one or more practitioners are not certified as a massage practitioner or~~
11 ~~therapist by the CAMTC pursuant to the California Business and Professions Code,~~ shall refer the
12 application to the City Department of Building Inspection and the City Police, Fire, and
13 Planning Departments. Said departments shall inspect the ~~premises~~ facilities proposed to be
14 operated as a ~~m~~Massage ~~e~~Establishment or a ~~solo~~ Sole pPractitioner ~~m~~Massage
15 ~~e~~Establishment and shall make written findings to the Director concerning compliance with
16 codes that they administer.

17 (b) Law Enforcement. The Director shall notify the Police Department of all approved
18 permit applications.

19 **SEC. 29.3014. ISSUANCE OF ~~MESSAGE ESTABLISHMENT, SOLO PRACTITIONER~~**
20 **~~MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT, FOR PRACTITIONERS~~**
21 **~~NOT CERTIFIED BY THE CAMTC ESTABLISHMENT PERMIT.~~**

22 (a) Within ~~14 days following a hearing or, if no hearing is held, within~~ 60 business days,
23 following receipt of a completed application for ~~a massage~~ an eEstablishment ~~permit, or, for~~
24 ~~applications subject to referral under Section 29.28, within 30 days of receiving all written findings,~~
25 ~~whichever is later, solo practitioner massage establishment, or outcall massage service permit where~~

1 ~~one or more practitioners are not certified as a massage practitioner or therapist by the CAMTC~~
2 ~~pursuant to the California Business and Professions Code~~; the Director shall either issue the permit
3 or mail a written statement of his or her reasons for denial thereof to the applicant. If the
4 Director takes neither action, the permit shall be deemed issued.

5 (b) Hearing on Application. The Director may, in his or her discretion, hold a hearing on any
6 pending application for an Establishment permit. The Director shall give the applicant at least 10
7 days' written notice of the time and place of the hearing.

8 ~~(c)~~ No ~~massage-e~~Establishment, ~~solo-practitioner massage-establishment, or outcall~~
9 ~~massage-service~~ permit shall be issued if the Director finds:

10 (1) The applicant has provided materially false information, documents, or
11 testimony in support of the application or in any other matter before the Director; or

12 (2) The facilities operation as proposed by the applicant would not comply with
13 all applicable laws including, but not limited to, the facilities requirements set forth in Section
14 29.27, the City Building, Planning, Housing, and Fire Codes, or any rule or regulation related to
15 massage facilities adopted by the Director pursuant to this Article 29; or

16 (3) Within one year prior to the application, the applicant has had any license or
17 permit of any kind suspended or revoked by the Director; or

18 (4) Within five years immediately prior to the date of application, the applicant
19 has had any license, certificate, or permit related to the practice of ~~m~~Massage or operation of an
20 Establishment revoked; or

21 (5) The applicant ~~and any other individual who will be directly engaged in the~~
22 ~~management and operation of the massage-establishment, solo-practitioner massage-establishment, or~~
23 ~~outcall-massage-service~~ has been ~~e~~Convicted of, or is currently charged with, any of the following
24 offenses ~~or convicted of an offense outside the State of California that would have constituted any of~~
25 ~~the following offenses if committed within the State of California~~.

1 (A) Any felony involving the use of coercion, ~~or force,~~ and or violence
2 upon another person; or
3 (B) Any misdemeanor sexual battery; or
4 (C) Any offense involving sexual misconduct with children; or
5 (D) Pimping or pandering; or
6 (E) Any offense related to human trafficking; or
7 (FE) Any offense requiring registration pursuant to Section 290.190 of the
8 California Penal Code, or, for offenses committed outside California, any offense requiring
9 registration in California pursuant to Penal Code Section 290.005; or
10 (6) The Director revoked permission to operate a massage business at the same
11 location within the prior 12 months; or
12 (7) The Director concludes there is good cause to deny the permit in accordance with
13 Business and Tax Regulations Code Section 26; or
14 (8) The Director finds that the premises or the business will be or is being managed,
15 conducted, or maintained in such a manner as to endanger the health and safety of the employees or
16 clients, or to coerce any employee to engage in illegal conduct.
17 (de) Discretionary Exception for Criminal Convictions. The Director may issue a permit
18 otherwise authorized under this Section to any individual Owner ~~e~~Convicted of one of the
19 offenses listed in ~~S~~subsection (c)(5) (b)(4) of this Section if the Director finds that the offense
20 was not violent, the conviction occurred at least five years prior to the date of application, and
21 the applicant has not been convicted subsequently of any of the listed one of those offenses.
22 (d) The Director may refuse to issue any permit authorized under this Section in any case
23 where there is reasonable grounds to determine that the premises or the business will be or are being
24 managed, conducted, or maintained in such a manner as to endanger the health or safety of the
25 employees or patrons thereof or to coerce any employee to engage in any illegal conduct.

1 (e) Sole Practitioners. Notwithstanding the provisions of Section 29.15, the Director
2 may issue a ~~sole~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment permit authorizing more than
3 four ~~sole~~ Advanced mMassage ~~p~~Practitioners or CAMTC Certified Practitioners to operate out of
4 the same ~~place-of-business~~ location if the Director finds good cause exists and the operation of
5 the ~~e~~Establishment will not have a negative impact on the neighborhood.

6 (f) Right to Director's Hearing. If an application for ~~a~~ an Establishment permit ~~authorized~~
7 ~~under this Section~~ is denied, and provided that the Director did not hold a hearing on the application
8 as provided in subsection (b) of this Section, the applicant may appeal the denial within 30 days ~~of the~~
9 ~~date of receipt of the notice of denial, the applicant may appeal the decision~~ by notifying the
10 Director in writing and explaining. The notice shall set forth in detail the ground or grounds for the
11 appeal. Within 30 days of receipt of the notice of appeal, the Director shall conduct a hearing
12 to consider the appeal. At least 10 days prior to the hearing, the Director shall notify the
13 applicant of the time and place of the hearing. The Director shall oversee the hearing, provide
14 the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days of ~~its~~ the
15 conclusion of the hearing. If the Director fails to rule within this time period, the permit denial shall
16 be deemed sustained. The Director's ruling shall be the final decision of the Department.

17 **SEC. 29.30. BUSINESS TAX AND ZONING INFORMATION.**

18 When issuing or renewing an Establishment permit, the Director and the Tax Collector shall
19 provide the permit holder with general information, including appropriate referrals to other City
20 departments, regarding (1) the need and procedure for registering a business with the Tax Collector,
21 and (2) possible zoning restrictions on the operation of a massage business.

22 **SEC. 29.31. ESTABLISHMENT ANNUAL LICENSE FEE.**

23 Every Establishment permit holder shall pay to the Tax Collector an annual license fee as set
24 forth in Section 29.41.

25 **SEC. 29.15. EMPLOYMENT OF MASSAGE PRACTITIONERS.**

1 *It shall be the responsibility of every operator of a massage business or outcall massage*
2 *service, or the employer of any individual purporting to act as a massage practitioner, to ensure that*
3 *such individual is certified as a massage practitioner or therapist by the CAMTC pursuant to the*
4 *California Business and Professions Code or has obtained a permit pursuant to this Article.*

5 ~~SEC. 29.16. REGISTER OF EMPLOYEES.~~

6 *The operator of a massage establishment, solo practitioner massage establishment, or outcall*
7 *massage service must maintain a register of all individuals employed as massage practitioners and*
8 *their CAMTC certificate or Department permit numbers. Such register shall be available for inspection*
9 *by the Department of Public Health at all times during regular business hours.*

10 ~~SEC. 29.17. EMPLOYMENT OF PERSONS UNDER THE AGE OF 18 PROHIBITED.~~

11 *It shall be unlawful for any permittee to employ any individual who is not at least 18 years of*
12 *age.*

13 ~~SEC. 29.18. DISPLAY OF PERMIT; HOURS OF OPERATION.~~

14 *(a) Every permit to operate a massage establishment or solo practitioner massage*
15 *establishment shall be displayed in a conspicuous place within the establishment so that the permit may*
16 *be readily seen by individuals entering the premises. Every permit to operate an outcall massage*
17 *service must be made available for inspection by the Department of Public Health at all times while*
18 *providing massage services.*

19 *(b) No massage establishment, solo practitioner massage establishment, or outcall massage*
20 *service shall operate or provide massage services during the hours between 10:00 p.m. and 7:00 a.m.*

21 SEC. 29.32. ESTABLISHMENT OPERATING REQUIREMENTS.

22 (a) Cleanliness and Hygiene. Every portion of the Establishment, including appliances and
23 apparatuses, shall be kept clean and operated in a sanitary condition.

24 (1) Adequate and suitable space shall be provided for storage of clean linens,
25 including, but not limited to, sheets, towels, and apparel.

1 (2) The Establishment shall provide clean laundered sheets and towels, launder them
2 after each use, and store them in a sanitary manner.

3 (3) No towels or sheets shall be laundered or dried in any Establishment unless the
4 Establishment has suitable laundry facilities.

5 (4) The Establishment shall provide smooth, cleanable, and appropriately labeled
6 receptacles for the storage of soiled linens and paper towels.

7 (5) The Establishment shall appropriately bag and dispose of soiled refuse.

8 (6) Every Establishment shall thoroughly clean its wet and dry heat rooms, shower
9 compartments, and toilet rooms each business day.

10 (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.

11 (b) Changing Area. A room, enclosure, or designated area shall be provided where clients
12 can change and store their clothes.

13 (c) Employee Area. A room, enclosure, or designated area that is separate from the toilet,
14 massage room(s), steam room, or other common areas shared by the clients shall be made available to
15 employees at all times.

16 (d) Employment of Minors Prohibited. It shall be unlawful for any Establishment to employ
17 any individual who is not at least 18 years of age.

18 (e) Register of Practitioners. Every Establishment that hires or contracts with individuals to
19 provide Massage services shall ensure at all times that each such individual holds a valid and current
20 Massage Practitioner permit or CAMTC certificate. The Establishment shall maintain a register of
21 practitioners that includes each practitioner's permit or CAMTC certificate number, which shall be
22 available for inspection by the Department of Public Health at all times.

23 (f) Practitioner Conduct. Establishments shall be responsible for the conduct of all individuals
24 providing Massage for Compensation on their business premises and shall ensure that such individuals
25 do not wear improper attire or engage in lewd conduct as set forth in Section 29.17.

1 (g) Doors to Remain Unlocked. Interior and exterior doors shall remain unlocked while the
2 Establishment is open. Exterior doors may remain locked if the Establishment is owned by one
3 individual with no more than one employee or independent contractor.

4 (h) No Alcohol or Illegal Drugs Permitted on Premises. No alcoholic beverages or drugs may
5 be sold, served, used, or possessed on the premises during business hours. "Alcoholic beverage"
6 includes a mixture of one or more alcoholic beverages ingested separately or as a mixture as defined in
7 Section 23004 of the California Business and Professions Code. "Drug" shall include all narcotics,
8 drugs, or controlled substances as defined in Chapter 2 (commencing with Section 11053) of Division
9 10 of the California Health and Safety Code.

10 (i) Human Trafficking Information Notices. Establishments must comply with the
11 requirements of California Civil Code Section 52.6. The required notices of human trafficking
12 information and telephone hotline numbers shall be posted in English, Spanish, Cantonese,
13 Vietnamese, and other appropriate languages as determined by the Department.

14 (j) Residential Use. No part of the Establishment premises shall be used as a sleeping room or
15 for any other residential purpose.

16 (k) Establishment Permit to be Displayed. Every permit to operate a Massage Establishment
17 or Sole Practitioner Massage Establishment shall be displayed in a conspicuous place within the
18 Establishment such that the permit may be readily seen by individuals entering the premises. Every
19 permit to operate an Outcall Massage Service must be made available for inspection by the Department
20 at all times while providing Massage services.

21 (l) Hours of Operation. No Establishment shall operate or provide Massage services during
22 the hours between 10:00 p.m. and 7:00 a.m.

23 **SEC. 29.3319. INSPECTION.**

24 ~~(a)~~ Any member of the Department of Public Health may ~~make an inspection of any~~
25 ~~Establishment~~ massage establishment or solo practitioner massage establishment in the City for the

~~purpose of determining that to determine whether~~ the ~~e~~Establishment is ~~operating~~ in compliance with the provisions of state law or this Article ~~29~~, or for the purpose of providing health and safety information to employees of the ~~e~~Establishment. ~~Whenever possible, inspectors shall be accompanied by a health outreach worker who is fluent in the primary language(s) spoken by the employees of the Establishment.~~ The Director shall adopt regulations ~~under Section 29-25~~ governing the use of double doors or other structural devices that interfere with reasonable inspections and do not have legitimate safety or security purposes. ~~(b)—~~Nothing in this Section shall ~~be construed to~~ limit or restrict the ~~lawful~~ authority of a police officer ~~or other City employee~~ to enter premises licensed under this Article ~~29~~. ~~(1) pursuant to a search warrant signed by a magistrate and issued upon a showing of probable cause to believe that contraband is present or that a crime has been committed or attempted, (2) without a warrant in the case of an emergency or other exigent circumstances, or (3) as part of any other lawful entry in connection with a criminal investigation or enforcement action.~~

~~SEC. 29-20. MESSAGE ESTABLISHMENT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE LICENSE FEE.~~

~~(a) Every person holding a massage establishment, solo practitioner massage establishment, or outcall message service permit shall pay to the Tax Collector an annual license fee, as set forth in Section 29-26; provided, however, that the annual license fee shall be \$10 for any person holding a massage establishment permit who is over 60 years old and does not employ others and whose gross receipts from the massage business operated under the authority of said permit for the previous year were less than \$1,000.~~

~~(b) An advanced massage practitioner holding a solo practitioner massage establishment permit shall not be required to pay any additional annual license fee for an outcall message service permit.~~

1 **SEC. 29.3421. SUSPENSION OR REVOCATION OF MESSAGE ESTABLISHMENT**

2 **PERMIT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE**
3 **SERVICE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

4 (a) Grounds for Suspension or Revocation. The Director may revoke or suspend any
5 Establishment ~~permit, solo practitioner message establishment, or outcall message service permit~~
6 issued to message establishments where all of the practitioners are not certified as a message
7 practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code,
8 after a hearing, if the Director finds:

9 (1) Facts sufficient to support the denial of an Establishment permit on any ground set
10 forth in Section 29.29; The permittee has violated any of the provisions of this Article; or

11 (2) The permittee has refused to permit a lawful inspection of any duly authorized
12 City health inspector to inspect the its business premises or its the operations therein; or

13 (3) The permittee has engaged in any conduct in connection with the operation
14 of the business that violates the operating requirements set forth in Section 29.32, any rules or
15 regulations related to Establishment operations, or any state or local laws; or

16 (4) ~~in the case of a message establishment or outcall message service permit, a~~Any
17 employee or independent contractor of the permittee has engaged in ~~any~~ conduct that violates
18 any state or local laws at permittee's place of business, and the permittee had or, in the
19 exercise of due diligence, should have had ~~actual or constructive knowledge by due diligence~~ of the
20 illegal conduct ~~In the case of a solo practitioner message permit, the permittee no longer holds a~~
21 ~~current, valid advanced message practitioner permit issued by the Director;~~ or

22 (5) The Director determines ~~by clear and convincing evidence~~ that such business
23 is being managed, conducted, or maintained without regard for public health or the health of
24 clients patrons, customers, or employees, or without due regard ~~to~~ for proper sanitation and
25 hygiene; or

1 (6) The Director finds good cause to suspend or revoke the permit in accordance with
2 set forth in Business and Tax Regulations Code Sections 24 and 26. The permittee has violated a rule
3 or regulation adopted by the Director pursuant to Section 29.25.

4 (b) Hearing. An Establishment permit holder cited for a violation of any provision of Article
5 29 or the rules and regulations promulgated by the Director under Section 29.2 shall be scheduled to
6 appear at a hearing held by the Director. Before any hearing is conducted under this Section, the
7 Director shall provide the permittee at least 2010 days' written notice of the .The notice shall
8 include the time, place, and grounds for the hearing. If requested by permittee, the Director
9 shall make available all documentary evidence against permittee within two business days of the
10 request no later than 15 days prior to the hearing. At the hearing, the permittee shall be provided
11 an opportunity to refute all evidence against him or her. The Director shall oversee the hearing
12 and issue a ruling within 2030 days of the its conclusion of the hearing. If the Director fails to
13 issue a ruling in this time period, no suspension or revocation shall be imposed. The Director's ruling
14 shall be the final decision of the Department.

15 (c) Summary Suspension. The Director may suspend summarily any massage
16 eEstablishment, solo practitioner massage establishment, or outcall massage service permit issued
17 under this Article pending a noticed revocation or suspension hearing on revocation or suspension
18 when, in the opinion of the Director, the public health or safety requires such summary
19 suspension. Any affected permittee The Director shall provide written be given notice of such
20 summary suspension to the permit holder by hand delivery or registered mail. in writing delivered
21 to said permittee in person or by registered letter.

22 ~~SEC. 29.22. HEARINGS.~~

23 The Director may fix a time and place for a hearing on any application for a permit under this
24 Article, which shall not be held more than 45 days after the receipt of the completed application, or, in
25

1 *the ease of a permit to operate a massage establishment or solo massage practitioner establishment,*
2 *more than 30 days after receiving the findings required under Section 29.13 of this Article.*

3 ~~SEC. 29.23. TRANSFER OF PERMIT.~~

4 ~~No permit issued under this Article shall be transferable.~~

5 ~~SEC. 29.24. BUSINESS TAX AND ZONING INFORMATION, RESOURCES FOR MASSAGE~~
6 ~~PRACTITIONERS.~~

7 ~~(a) Upon issuing or renewing any registration or permit issued under this Article, the Director~~
8 ~~and the Tax Collector shall also provide the permit holder with general information, including~~
9 ~~appropriate referrals to other City departments, regarding (1) the need and procedure for registering a~~
10 ~~business with the Tax Collector, and, (2) possible zoning restrictions on the operation of a massage~~
11 ~~practice.~~

12 ~~(b) The Director shall provide all persons receiving a massage practitioner permit with~~
13 ~~educational materials regarding their rights and informing them of available resources such as health~~
14 ~~services and victim assistance, as well as emergency numbers and hotlines to call for information and~~
15 ~~assistance.~~

16 ~~SEC. 29.25. RULES AND REGULATIONS; COMPLAINT LINE.~~

17 ~~(a) The Director, after a noticed public hearing, may adopt rules and regulations to carry out~~
18 ~~the provisions of this Article. Such rules and regulations shall take effect no sooner than 15 days after~~
19 ~~the public hearing. Violation of any such rule or regulation may be grounds for administrative action~~
20 ~~against the permittee, including suspension or revocation of the permit as provided in Sections 29.8~~
21 ~~and 29.21 or an administrative fine as provided in Section 29.27, but the Director shall whenever~~
22 ~~possible give the permittee a reasonable opportunity to cure the violation before seeking penalties.~~

23 ~~(b) The Director shall maintain a phone line for inquiries and complaints regarding massage~~
24 ~~businesses and practitioners.~~

FEES

SEC. 29.4026. MASSAGE PRACTITIONER FEES.

(a) Required Fees. The application fee for a Massage Practitioner permit shall be \$146. The annual license fee for a Massage Practitioner permit shall be \$123. The fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(b) Exemption. A Massage Practitioner providing massage services under the direction of a Non-profit Organization is exempt from annual license fees under this Article.

SEC. 29.41. ESTABLISHMENT FEES.

(a) Massage Establishments. The application fee for a ~~m~~Massage ~~e~~Establishment ~~permit,~~ as provided in Section 29.11, shall be \$~~681~~658. The annual license fee for a ~~m~~Massage ~~e~~Establishment, ~~as provided in Section 29.20,~~ shall be \$~~1,214~~1,173. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(b) Sole Practitioner Massage Establishments. The application fee for a ~~solo~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment ~~permit,~~ as provided in Section 29.11, shall be \$~~497~~480. The annual license fee for a ~~solo~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment, ~~and for massage establishments where all practitioners are certified by the CAMTC, as provided in Section 29.20,~~ shall be \$~~599~~579. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(c) Outcall Massage Services. The application fee for an ~~e~~Outcall ~~m~~Massage ~~s~~Service, ~~as provided in Section 29.11,~~ shall be \$~~351~~480. The annual license fee for an ~~e~~Outcall ~~m~~Massage ~~s~~Service, ~~as provided in Section 29.20,~~ shall be \$~~306~~579. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(d) Exceptions.

1 (1) A Non-profit Organization is exempt from application and annual license fees under
2 this Article 29.

3 (2) The annual license fee shall be \$10 for any Establishment permit holder who is over
4 60 years old, does not employ others, and whose gross receipts from the Establishment for the previous
5 year were less than \$1,000.

6 (3) An ~~a~~Advanced ~~m~~Massage ~~p~~Practitioner or CAMTC Certified Practitioner,
7 holding a ~~sole~~ Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment permit, shall not be required to pay
8 any additional ~~permit~~ application or annual license fee for an ~~a~~Outcall ~~m~~Massage ~~s~~Service
9 permit.

10 **SEC. 29.42. ADJUSTMENT OF FEES.**

11 ~~(e)~~ Beginning with fiscal year 2008-2009, fees set forth in this Article may be adjusted
12 each year, without further action by the Board of Supervisors, ~~asset forth in this Section.~~ Not
13 later than April 1, the Director shall report to the Controller the revenues generated by the fees
14 for the prior fiscal year and the prior fiscal year's costs of operation, as well as any other
15 information that the Controller determines appropriate to the performance of the duties set
16 forth in this Section. Not later than May 15, the Controller shall determine whether the current
17 fees have produced or are projected to produce revenues sufficient to support the costs of
18 providing the services for which the fees are assessed and that the fees will not produce
19 revenue which is significantly more than the costs of providing the services for which the fees
20 are assessed. The Controller shall, if necessary, adjust the fees upward or downward for the
21 upcoming fiscal year as appropriate to ensure that the program recovers the costs of
22 operation without producing revenue which is significantly more than such costs. The adjusted
23 rates shall become operative on July 1.

24 **ENFORCEMENT AND PENALTIES**

1 **SEC. 29.4527. VIOLATIONS AND ADMINISTRATIVE PENALTIES.**

2 (a) Any person who violates any provision of this Article 29 or any rule or regulation
3 adopted pursuant to Section 29.252 may, after being provided notice and an opportunity to be
4 heard, be subject to the following monetary and permit penalties ~~and/or permit penalties.~~

5 (1) ~~Massage Business Establishment~~ Operating Without an Establishment
6 ~~Permit~~ ~~from the San Francisco Department of Public Health.~~

7 (A) Administrative fine: Up to \$1,000 per day of operating without a
8 permit; and

9 (B) Permit penalty: Business location and Owner of massage business
10 ~~Revocation, and Massage Establishment location and permittee are~~ ineligible for an Establishment
11 ~~new permit from the San Francisco Department of Public Health~~ for 180 days.

12 (C) Repeat violations: Same penalties as (a)(1)(A) and (a)(1)(B).

13 (2) ~~Establishment Violating Conditions of California Business and Professions Code~~
14 ~~Sections 4600-4620 and all Implementing Regulations.~~

15 (A) ~~Administrative fine: Up to \$1,000 per day of operating without a permit;~~
16 ~~and~~

17 (B) ~~Permit penalty: Massage Establishment location and permittee are~~
18 ~~ineligible for a permit from the San Francisco Department of Public Health for 180 days.~~

19 (C) ~~Repeat violations: Same penalties as (a)(2)(A) and (a)(2)(B).~~

20 (23) Massage Establishment Employing Any Person Under 18 Years of Age
21 ~~Underage Practitioner as Defined in Section 29.17.~~

22 (A) Administrative fine: None.

23 (B) Permit penalty: Mandatory 60-120 days suspension of Massage
24 Establishment permit.

(C) Repeat violations: Revocation for second occurrence within 36 months of first occurrence; ~~and Massage-Establishment location and permittee are~~ ineligible for a ~~new~~subsequent permit for 180 days.

(34) Solicitation Charges or Convictions, as Defined by California Penal Code Section 647 (a) or (b) and/or San Francisco Police Code Section 225, for Anyone Working at ~~Massage-Establishment~~.

(A) Administrative fine: \$5,000 to be paid by ~~Massage~~ Establishment permittee; and

(B) Permit penalty: Mandatory 60-120 days suspension of ~~Massage~~ Establishment permit.

(C) Repeat violations: Revocation; Establishment permittee ineligible for a ~~subsequent new Massage~~ Establishment permit ~~from the San Francisco Department of Public Health,~~ at any location.

(45) Trafficking Charges or Convictions, as Defined by California Penal Code Section 236.1, for Anyone Working at ~~Massage-Establishment~~.

(A) Administrative fine: None.

(B) Permit penalty: Revocation; Establishment ~~and P~~ permittee ineligible for a ~~subsequent new Massage~~ Establishment permit, at any location.

(C) Repeat violations: Same penalty as (a)(45)(B).

(56) Establishment Knowingly Employing Unlicensed or Uncertified Individual Without Massage Practitioner Permit or CAMTC Certification To Administer Massage Practitioner or Therapist.

(A) Administrative fine: \$1,000 to be paid by ~~Massage~~ Establishment permittee.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 fine for ~~2nd~~second occurrence within a 24 month period; 30-60 days suspension or ~~permit~~-revocation, and up to \$5,000 fine for ~~3rd~~third occurrence within 24 months.

~~(67) Establishment Used for Residential Sleeping Purposes, Without Authorization by the City and County of San Francisco Director of Public Health.~~

(A) Administrative fine: Up to \$1,000.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 fine ~~and for 2nd~~second occurrence within 24 months; 30-60 days suspension and up to \$5,000 fine for ~~3rd~~third occurrence within 24 months.

~~(78) Presence of Beds Instead of Massage Tables.~~

(A) Administrative fine: None.

(B) Permit penalty: ~~Notice of violation only~~ None.

(C) Repeat violations: Up to \$1,000 fine for ~~second~~2nd occurrence within 24 months; 15-30 day suspension and up to \$2,500 fine and for ~~3rd~~third occurrence within 24 months.

~~(89) Massage Practitioner Any Massage Service Provider Improperly Attired in Violation of Section 29.17(a) Not Wearing Attire as Described in Section 29.12(i).~~

(A) Administrative fine: Up to \$250 per person to be paid by ~~Massage Establishment permittee, and,~~

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$500 fine per person to be paid by Establishment permittee for ~~2nd~~second and each subsequent occurrence; ~~and 60-day suspension for of Massage p~~Practitioner permit and 60-day suspension per person ~~of for~~ for ~~Massage~~-Establishment permit.

(240) Sanitation ~~Issues~~Violations, Pursuant to Section 29.12(f)32(a).

(A) Administrative fine: None.

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$250 fine and 60-days suspension ~~of for~~
~~Massage-Establishment permit.~~

(1014) ~~Massage-Establishment Operating~~ Past Between the Hours of 10:00 p.m.
and 7:00 a.m.

(A) Administrative fine: Up to \$1,000.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 for ~~2nd~~
second occurrence within 24 months; 30-60 days suspension and up to \$5,000 fine for ~~3rd~~third
and each subsequent occurrence within 24 months.

(1142) Practicing Massage for Compensation Without a Massage Practitioner
Permit or CAMTC Certification.

(A) Administrative fine: \$250 fine.

~~(B) Permit penalty: None.~~

(C) Repeat violations: \$500 fine for ~~2nd~~ second occurrence within 24
months; \$1,000 fine for ~~3rd~~third and each subsequent occurrence within 24 months and
individual Practitioner ineligible for Massage Practitioner San Francisco Department of Public Health
permit for 180 days.

(1243) Anyone Engaged In Lewd Conduct or Performing Sex Acts as Defined in
Section 29.12(h)17(b) on ~~Massage-Establishment Premises During Business Hours~~.

(A) Administrative fine: \$1,000 to be paid by ~~Massage-Establishment~~
permittee, and

1 (B) Permit penalty: 60-day ~~permit~~ suspension of ~~Massage~~-Establishment
2 permit.

3 (C) Repeat violations: ~~Permit~~ Revocation of Massage Practitioner permit
4 and both practitioner and Massage Establishment permittee. Permit holder permanently ineligible
5 for subsequent Massage Practitioner or Establishment Permit.

6 (1314) Failure to Post Notices as Required by Section 29.124)32(i).

7 (A) Administrative fine: Written warning for first violation, \$250 for
8 second and each subsequent violation within 12 months.

9 (B) Permit Penalty: 30-day suspension of Establishment permit for third
10 and subsequent violations within 24 months.

11 (1415) All Other Violations of San Francisco Health Code Article 29, and Any
12 Massage Program Rules and Regulations.

13 (A) Administrative fine: Up to \$1,000 ~~fine~~ and

14 (B) Permit penalty: Possible Ssuspension or revocation.

15 (C) Repeat violations: Up to \$2,500 fine for the second violation in a 24-
16 month period and possible permit suspension or revocation; up to \$5,000 for the third and
17 subsequent violations in a 24-month period, and permit suspension or revocation.

18 (b) Notice to Property Owner. Written notice of each Establishment permit holder violation
19 shall be provided to the owner(s) of the property upon which the ~~Massage~~ Establishment is
20 located.

21 (c) Revenue from Fines. Administrative fines collected under this Section shall be used
22 to support the Department of Public Health and its Health Code enforcement functions.

23 (d) No Bar to Prosecution. Nothing in this Section shall preclude the prosecution of
24 anyone under Health Code Section 29.2947, the laws of the State of California, or the laws of
25 the United States of America.

1 **SEC. 29.46~~28~~**. COST RECOVERY.

2 Any person who is assessed an administrative fine or whose permit is suspended or
3 revoked under this Article, regardless of whether any fine, suspension, or revocation is held in
4 abeyance by the Department, shall be liable to the City for its costs incurred in enforcing this
5 Article, including but not limited to the costs of inspection, investigation, administration, ~~hearing~~
6 ~~officer~~, administrative proceedings, court proceedings, monitoring, and attorneys' fees if, at the
7 conclusion of all proceedings, the fee or permit action is substantially sustained. Within ~~ten business~~
8 ~~days of the termination of the administrative hearing or other proceeding~~ 30 days of the final decision,
9 the Department ~~of Public Health~~ shall calculate ~~the amount of its~~ costs. The Director may reduce
10 the bill of costs for good cause.

11 **SEC. 29.47~~29~~**. VIOLATIONS AND CRIMINAL PENALTIES.

12 (a) Criminal Violations. Any Establishment permit holder that violates the requirements of
13 Section 29.10, 29.15, 29.25, or subsections (d), (e), (f), (k), or (l) of Section 29.32 Any permittee, as
14 defined in Section 29.1, of a massage establishment or outcall massage service or any employer of a
15 massage practitioner who violates Health Code Section 29.2 which requires a permit to engage in the
16 practice of massage, Health Code Section 29.6 which requires presentation of an identification card to
17 any City health inspector, Health Code Section 29.10 which requires practitioners not certified by the
18 CAMTC pursuant to the California Business and Professions Code to obtain a permit to operate a
19 massage establishment, solo practitioner massage establishment, or outcall massage service, Health
20 Code Section 29.12(g) which prohibits the use of any room in which massage services are provided to
21 be used as a sleeping room, Health Code Section 29.15 which requires every permit holder or employer
22 to ensure that a massage practitioner, who is not certified by the CAMTC, has obtained a permit,
23 Health Code Section 29.16 which requires a register of practitioners to be available for inspection,
24 Health Code Section 29.17 which prohibits the employment of any individual under the age of 18,
25 Health Code Section 29.18, which requires display of a permit and prohibits operation between the

hours of 10 p.m. and 7 a.m., or any rule or regulation adopted pursuant to Section 29.25, shall be guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed \$1,000 or by imprisonment in the County Jail not to exceed six months, or by both. A person convicted of violating ~~any listed this~~ Section shall be deemed guilty of a separate offense for every day such violation shall continue.

(b) No Bar to Prosecution. Nothing in this Section 29.47 shall preclude the prosecution of anyone under the laws of the State of California or of the United States of America.

SEC. 29.48~~30~~. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.

The Director ~~of Public Health~~ shall work with the Chief of Police on issues of common concern affecting the massage industry, such as protections against violence in massage establishments, crimes against massage practitioners, forced labor, or trafficking.

~~During the six month period between adoption of this Article and its effective date, the Director of Public Health shall work with the Chief of Police to develop procedures to verify that permit applicants do not have prior criminal convictions that would disqualify the applicants from receiving a permit under this Article.~~

SEC. 29.49~~31~~. UNDERTAKING FOR THE GENERAL WELFARE~~DISCLAIMER.~~

In regulating massage establishments and massage services as provided in this Article, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

SEC. 29.50~~32~~. SEVERABILITY.

If any of the provisions of this Article 29 or the application thereof to any person or circumstance is held invalid, the remainder of this Article, including the application of such part or provisions to persons or circumstances other than those to which it is held invalid, shall not

1 be affected thereby and shall continue in full force and effect. To this end, the provisions of
2 this Article are severable.

3 **SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.**

4 Nothing in this Article 29 shall be interpreted or applied so as to create any requirement,
5 power, or duty in conflict with any federal or state law.

6
7 Section 2. Effective Date. This ordinance shall become effective 30 days after
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
10 of Supervisors overrides the Mayor's veto of the ordinance.

11 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
15 additions, and Board amendment deletions in accordance with the "Note" that appears under
16 the official title of the ordinance.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20 By: _____
21 Sherri Sokeland Kaiser
22 Deputy City Attorney

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24
25

LEGISLATIVE DIGEST

[Planning Code - Massage Establishments]

Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Massage establishments are defined in the Health Code as "a fixed place of business where more than one person engages in or carries on, or permits to be engaged in or carried on, the practice of massage." "Massage," in turn, is defined in that Code as "any method of pressure on or friction against, or stroking, kneading, rubbing, tapping, pounding, vibrating, or stimulating of the external soft pads of the body..."

The Planning Code incorporates those definitions by reference, but distinguishes between two types of massage establishments. Those that are fully certified by the California Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., are treated as "Medical Services" and are generally permitted uses. Those that are not fully certified under the state's program, on the other hand, are treated as "Massage Establishments" and, with some exceptions, are required to obtain a Conditional Use permit ("CU") from the Planning Commission.

Amendments to Current Law

This Ordinance would put an end to the distinction in the Planning Code between different types of massage establishments, treating all such establishments in the same way. It would require a CU from the Planning Commission for all massage establishments, with some exceptions. These exceptions are the same exceptions that exist currently in the Code:

- Circumstances in which the massage use is accessory to a principal use; the massage use is accessed by the principal use, and the principal use is either: a) a dwelling unit; b) a tourist hotel that contains 100 or more rooms; c) a large institution; or d) a hospital or medical center.
- Circumstances where the only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

In both cases, the massage establishment would be a permitted use. In all other cases, the massage establishment would require a CU. The Ordinance preserves the additional criteria listed in Section 303(o), to guide the Planning Commission's consideration of a massage establishment's CU application.

Background Information

This Ordinance is a companion piece of legislation to another Ordinance amending the Health Code's regulation of massage establishments in the City. Those amendments are being introduced at the same time as this Ordinance – on December 16, 2014. Together, these two Ordinances seek to implement Assembly Bill No. 1147 ("A.B. 1147"), which was passed in September of 2014.

A.B. 1147 authorizes local governments to use their regulatory and land use authority to ensure the public's safety, reduce human trafficking, and enforce local standards for the operation of the business of massage therapy in the best interests of the affected community.

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[Planning Code - Massage Establishments]

Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this ordinance will serve the public necessity, convenience and welfare, for the reasons set forth in Planning Commission Resolution No. _____, and incorporates such reasons by this reference thereto. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No. _____.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

1 Section 2. The Planning Code is hereby amended by revising Sections 218.1, 303(o),
2 790.60, 890.60, 790.114, and 890.114 to read as follows:

3 **SEC. 218.1. MESSAGE ESTABLISHMENTS.**

4 (a) Definition. Message establishments are defined by Section 29.5 ~~1900~~ of the ~~San~~
5 ~~Francisco~~-Health Code. Any message establishment shall have first obtained a permit from the
6 Department of Public Health pursuant to Section 29.10 ~~1908~~ of the ~~San Francisco~~ Health Code,
7 or a letter from the Director of the Department of Public Health certifying that the establishment is
8 exempt from such a permit under Section 29.10(b).

9 (b) Controls. Message establishments shall ~~generally~~ be subject to Conditional Use
10 authorization. Certain exceptions to the Conditional Use for accessory use message are
11 described in subsection (c) below. When considering an application for a conditional use
12 permit pursuant to this subsection, the Planning Commission shall consider, in addition to the
13 criteria listed in Section 303(c), the additional criteria described in Section 303(o).

14 (c) Exceptions. Certain exceptions would allow a message use to be "permitted"
15 without a Conditional Use authorization including:

16 (1) Certain Accessory Use Message, provided that the message use is
17 accessory to a principal use and the message use is accessed by the principal use; and

18 (A) the principal use is a dwelling unit and the message use conforms to
19 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
20 or

21 (B) the principal use is a tourist hotel, as defined in Section 790.46 of
22 this Code, that contains 100 or more rooms; or

23 (C) the principal use is a large institution as defined in Section 790.50 of
24 this Code; or

(D) the principal use is a hospital or medical center, as defined in Section 790.44 of this Code.

(2) Chair Massage. The only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

~~(3) California State Certification. A State-certified massage establishment, as defined by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San Francisco Health Code.~~

(d) Enforcement. Any massage establishment or exempted massage use found to be operating, conducted or maintained contrary to the provisions of this Code or the provisions of Health Code Article 29 shall be found to be operating in violation of the Code and will be subject to enforcement as provided in Section 176. No application or building permit to establish a massage establishment or exempted massage use will be accepted within one year after the subject property ~~is~~ found operating in violation of the provisions of this Code. No new Massage Establishments shall be approved for one year at any sites that have been closed for violations of this Code, the Health Code, or any other law.

C-1	C-2	C-3-O	C-3-R	C-3-G	C-3-S	C-M	M-1	M-2	PDR-1	PDR-2	
											SEC. 218.1. MESSAGE ESTABLISHMENTS.

P	P	P	P	P	P	P	P	P	P	P	Certain Accessory Massage as defined above in 218.1(c)(1).
P	P	P	P	P	P	P	P	P	P	P	Chair Massage as defined above in 218.1(c)(2).
											All other massage. <i>If the massage use does not meet the definition of California State Certification per 218.1(c)(3) or the requirements of 218.1(c)(1) or 218.1(c)(2), above, then the massage use shall obtain a conditional use permit from the Planning Commission, pursuant to Section 303(c), and the additional criteria described in Sections 303(a) and 218.1(b) of this Code.</i>
C	C	C	C	C	C	C	C	C	C	C	

SEC. 303. CONDITIONAL USES.

* * * *

(o) Massage Establishments.

(1) With respect to Massage Establishments that are subject to Conditional Use authorization, as defined in Sections 218.1, 790.60, and 890.60 of this Code, in addition to the criteria set forth in Subsection (c) above, the Commission shall make the following findings:

(A) Whether the applicant has obtained, and maintains in good standing, a permit for a Massage Establishment from the Department of Public Health pursuant to Section 29.101908 of the *San Francisco* Health Code;

(B) Whether the use's facade is transparent and open to the public. Permanent transparency and openness are preferable. Elements that lend openness and transparency to a facade include:

(i) active street frontage of at least 25' in length where 75% of that length is devoted to entrances to commercially used space or windows at the pedestrian eye-level;

(ii) windows that use clear, untinted glass, except for decorative or architectural accent;

(iii) any decorative railings or decorative grille work, other than wire mesh, which is placed in front of or behind such windows, should be at least 75 percent open to perpendicular view and no more than six feet in height above grade;

(C) Whether the use includes pedestrian-oriented lighting. Well lit establishments where lighting is installed and maintained along all public rights-of-way adjacent to the building with the massage use during the post-sunset hours of the massage use are encouraged:

(D) Whether the use is reasonably oriented to facilitate public access. Barriers that make entrance to the use more difficult than to an average service-provider in the area are to be strongly discouraged. These include (but are not limited to) foyers equipped with double doors that can be opened only from the inside and security cameras.

SEC. 790.60. MESSAGE ESTABLISHMENT.

(a) Definition. Massage establishments are defined by Section 29.5 1900 of the ~~San Francisco~~ Health Code. Any massage establishment shall have first obtained a permit from the Department of Public Health pursuant to Section 29.10 1908 of the ~~San Francisco~~ Health Code, or a letter from the Director of the Department of Public Health certifying that the establishment is exempt from such a permit under Section 29.10(b).

(b) Controls. Massage establishments shall ~~generally~~ be subject to Conditional Use authorization. Certain exceptions to the Conditional Use requirement for accessory use massage are described in subsection (c) below. When considering an application for a

conditional use permit pursuant to this subsection, the Planning Commission shall consider, in addition to the criteria listed in Section 303(c), the additional criteria described in Section 303(o).

(c) Exceptions. Certain exceptions would allow a massage use to be "permitted" without a Conditional Use authorization including:

(1) Certain Accessory Use Massage, provided that the massage use is accessory to a principal use; the massage use is accessed by the principal use; and

(A) the principal use is a dwelling unit and the massage use conforms to the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts; or

(B) the principal use is a tourist hotel as defined in Section 790.46 of this Code, that contains 100 or more rooms;; or

(C) the principal use is a large institution as defined in Section 790.50 of this Code;; or

(D) the principal use is a hospital or medical center, as defined in Section 790.44 of this Code.

(2) Chair Massage. The only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

~~(3) California State Certification. A State-certified massage establishment, as defined by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has~~

1 ~~first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San~~
2 ~~Francisco Health Code.~~

3 (d) Enforcement. Any massage establishment or exempted massage use found to be
4 operating, conducted or maintained contrary to the provisions of this Code or the Health Code
5 shall be found to be operating in violation of this Code and will be subject to enforcement as
6 provided in Section 176. No application or building permit to establish a massage
7 establishment or exempted massage use will be accepted within one year after the subject
8 property ~~if~~is found operating in violation of the provisions of this Code. No new Massage
9 Establishments shall be approved for one year at any sites that have been closed for violations of this
10 Code, the Health Code, or any other law.

11 **SEC. 890.60. MESSAGE ESTABLISHMENT.**

12 (a) Definition. Massage establishments are defined by Section 29.5 1900 of the ~~San~~
13 ~~Francisco~~ Health Code. Any massage establishment shall have first obtained a permit from the
14 Department of Public Health pursuant to Section 29.10 1908 of the ~~San Francisco~~ Health Code,
15 or a letter from the Director of the Department of Public Health certifying that the establishment is
16 exempt from such a permit under Section 29.10(b).

17 (b) Controls. Massage establishments shall ~~generally~~ be subject to Conditional Use
18 authorization. Certain exceptions to the Conditional Use for accessory use massage are
19 described in subsection (c) below. When considering an application for a conditional use
20 permit pursuant to this subsection, the Planning Commission shall consider, in addition to the
21 criteria listed in Section 303(c), the additional criteria described in Section 303(o).

22 (c) Exceptions. Certain exceptions would allow a massage use to be "permitted"
23 without a Conditional Use authorization including:

24 (1) Certain Accessory Use Massage and provided that the massage use is
25 accessory to a principal use; the massage use is accessed by the principal use; and

1 (A) the principal use is a dwelling unit and the massage use conforms to
2 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
3 or

4 (B) the principal use is a tourist hotel as defined in Section 790.46 of this
5 Code, that contains 100 or more rooms,; or

6 (C) the principal use is a large institution as defined in Section 790.50 of
7 this Code; or

8 (D) the principal use is a hospital or medical center, as defined in
9 Section 790.44 of this Code.

10 (2) Chair Massage. The only massage service provided is chair massage, such
11 service is visible to the public, and customers are fully-clothed at all times.

12 ~~(3) California State Certification. A State certified massage establishment, as defined~~
13 ~~by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in~~
14 ~~California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is~~
15 ~~certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that~~
16 ~~employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the~~
17 ~~California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical~~
18 ~~Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has~~
19 ~~first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San~~
20 ~~Francisco Health Code.~~

21 (d) Enforcement. Any massage establishment or exempted massage use found to be
22 operating, conducted or maintained contrary to the provisions of this Code or the Health Code
23 shall be found to be operating in violation of ~~the this~~ Code and will be subject to enforcement
24 as provided in Section 176. No application or building permit to establish a massage
25 establishment or exempted massage use will be accepted within one year after the subject

property ~~is~~ found operating in violation of the provisions of this Code. No new Massage Establishments shall be approved for one year at any sites that have been closed for violations of this Code, the Health Code, or any other law.

SEC. 790.114. SERVICE, MEDICAL.

A retail use which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric or other health services, and not part of a hospital or medical center, as defined in Section 790.44 of this Code. ~~It also includes a massage establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., and one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq.~~

SEC. 890.114. SERVICE, MEDICAL.

A use, generally an office use, which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric or other health services, and not part of a hospital or medical center, as defined in Section 890.44 of this Code. ~~It also includes a massage establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600~~

1 ~~et seq., and one that employs or uses only persons certified by the state's Massage Therapy~~
2 ~~Organization, pursuant to the California Business and Professions Code Section 4600 et seq.~~
3

4 Section 3. Effective Date. This ordinance shall become effective 30 days after
5 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
6 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
7 of Supervisors overrides the Mayor's veto of the ordinance.
8

9 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
10 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
11 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
12 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
13 additions, and Board amendment deletions in accordance with the "Note" that appears under
14 the official title of the ordinance.
15

16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18 By: _____
19 ANDREA RUIZ-ESQUIDE
Deputy City Attorney

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22
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24
25

REVISED LEGISLATIVE DIGEST

(3/3/2015, Amended in Board)

[Administrative Code - Establishing Legacy Business Registry and Fee]

Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, and authorize an administrative fee for the Registry not to exceed \$50.

Existing Law

Existing City law does not specifically provide for the recognition, study, or promotion of "longstanding, community-serving businesses."

Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). A "Legacy Business" is a business that has been nominated by a member of the Board of Supervisors or the Mayor, and that the Small Business Commission, after a noticed hearing, determines meets three criteria:

- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco;
- It has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco's Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses nominated for inclusion in the Registry.

Background

The original proposal, introduced on October 7, 2014, would have also established a rebate program for Legacy Businesses that purchased the real property from which they operated their businesses. The program would also have provided rebates to "Qualified Landlords," meaning persons that purchased real property from which Legacy Businesses operated their businesses and that extended the term of the Legacy Businesses' leases by at least an additional ten years (for example, the purchaser extended an existing ten-year lease to a twenty-year lease). The amount of the rebate would have been equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operated. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not have exceeded \$400,000.

Under the original proposal introduced on October 7, 2014, the Executive Director of the Office of Small Business, in consultation with the Controller, would have adopted rules to implement the rebate program, and would have submitted an annual report to the Board of Supervisors on the program. Also under the original proposal, the Controller would have conducted an annual review of the effect of the program for the Board of Supervisors. The rebate program in the original proposal would have expired by operation of law at midnight on December 31, 2019, unless extended by ordinance.

The Budget and Finance Committee amended the ordinance to remove the rebate program in its entirety. The amendments of the Budget and Finance Committee also: (1) added a requirement that the Small Business Commission make the determination, after a noticed hearing, as to whether a business qualified as a Legacy Business; (2) modified the first requirement for qualification as a Legacy Business to include non-profit entities directly serving the community as potentially qualifying entities; (3) modified the second requirement for qualification as a Legacy Business to require that the business have been "founded or currently be headquartered in San Francisco" rather than requiring that the business have been "established and currently be based in San Francisco;" and (4) changed the date by which the Small Business Commission must make recommendations to the Board of Supervisors from June 30, 2015 to September 30, 2015.

The Board of Supervisors subsequently amended the ordinance again to: (1) require that a business be nominated by a member of the Board of Supervisors or the Mayor to qualify as a legacy business; and (2) remove the requirement that the business be a bar, restaurant, retail store, arts space, performance venue, non-profit entity directly serving the community, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code.

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REVISED LEGISLATIVE DIGEST

(3/3/2015, Amended in Board)

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The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). A "Legacy Business" is a business that has been nominated by a member of the Board of Supervisors or the Mayor, and that the Small Business Commission, after a noticed hearing, determines meets three criteria:

- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco;
- It has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco's Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses nominated for inclusion in the Registry.

Background

The original proposal, introduced on October 7, 2014, would have also established a rebate program for Legacy Businesses that purchased the real property from which they operated their businesses. The program would also have provided rebates to "Qualified Landlords," meaning persons that purchased real property from which Legacy Businesses operated their businesses and that extended the term of the Legacy Businesses' leases by at least an additional ten years (for example, the purchaser extended an existing ten-year lease to a twenty-year lease). The amount of the rebate would have been equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operated. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not have exceeded \$400,000.

Under the original proposal introduced on October 7, 2014, the Executive Director of the Office of Small Business, in consultation with the Controller, would have adopted rules to implement the rebate program, and would have submitted an annual report to the Board of Supervisors on the program. Also under the original proposal, the Controller would have conducted an annual review of the effect of the program for the Board of Supervisors. The rebate program in the original proposal would have expired by operation of law at midnight on December 31, 2019, unless extended by ordinance.

The Budget and Finance Committee amended the ordinance to remove the rebate program in its entirety. The amendments of the Budget and Finance Committee also: (1) added a requirement that the Small Business Commission make the determination, after a noticed hearing, as to whether a business qualified as a Legacy Business; (2) modified the first requirement for qualification as a Legacy Business to include non-profit entities directly serving the community as potentially qualifying entities; (3) modified the second requirement for qualification as a Legacy Business to require that the business have been "founded or currently be headquartered in San Francisco" rather than requiring that the business have been "established and currently be based in San Francisco;" and (4) changed the date by which the Small Business Commission must make recommendations to the Board of Supervisors from June 30, 2015 to September 30, 2015.

The Board of Supervisors subsequently amended the ordinance again to: (1) require that a business be nominated by a member of the Board of Supervisors or the Mayor to qualify as a legacy business; and (2) remove the requirement that the business be a bar, restaurant, retail store, arts space, performance venue, non-profit entity directly serving the community, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code.

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[Administrative Code - ~~Establishing~~ Legacy Business Registry, ~~Rebate Program~~, and ~~Establishing Fees~~]

Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, and authorize an administrative fee for the Registry not to exceed \$50, ~~and, for the next five years, provide a rebate to Qualified Legacy Businesses that purchase the real property from which they operate and to Qualified Landlords that purchase the real property from which Legacy Businesses operate if the purchaser extends the term of the Legacy Business's lease by at least ten years, in an amount equal to the transfer tax levied on the purchase.~~

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Administrative Code is hereby amended by adding Sections 2A.242 and ~~2A.243~~, to read as follows:

SEC. 2A.242. LEGACY BUSINESS REGISTRY.

(a) The Small Business Commission shall establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). The purpose of the Registry is to recognize that longstanding, community-serving businesses can be valuable cultural assets of the City. In addition,

1 the City intends that the Registry be a tool for providing educational and promotional assistance to
2 Legacy Businesses to encourage their continued viability and success.

3 (b) For purposes of this Section 2A.242, "Legacy Business" means a business that has been
4 nominated by a member of the Board of Supervisors or the Mayor, and that the Small
5 Business Commission, after a noticed hearing, determines meets the following criteria:

6 (1) The business is a bar, restaurant, retail store, arts space, performance
7 venue, non-profit entity directly serving the community, or a business primarily engaged in
8 Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code.

9 (12) The business has operated in San Francisco for 30 or more years, with no break in
10 San Francisco operations exceeding two years. The business may have operated in more than one
11 location or jurisdiction, but must have been founded or established and currently be
12 headquartered based in San Francisco.

13 (23) The business has contributed to the neighborhood's history and/or the identity of a
14 particular neighborhood or community.

15 (34) The business is committed to maintaining the physical features or traditions that
16 define the business, including craft, culinary, or art forms.

17 (c) The Small Business Commission, in consultation with the Controller, shall establish an
18 administrative fee, to offset the costs of administering the program but not to exceed \$50, for businesses
19 applying nominated for inclusion in the Registry.

20 (d) The Small Business Commission may, after a noticed hearing, adopt such rules, regulations
21 and forms necessary to implement this Section 2A.242.

22 (e) The Small Business Commission shall survey San Francisco's Legacy Businesses and, no
23 later than June/September 30, 2015, make substantive recommendations to the Board of Supervisors
24 for programs for Legacy Businesses. Such programs may include business and technical assistance,
25 lease renewal and acquisition assistance, public education and commendation initiatives to recognize

1 and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage
2 the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity
3 initiatives.

4
5 **SEC. 2A.243. LEGACY BUSINESS REBATE PROGRAM.**

6 (a) **Findings and Purpose.** The Board of Supervisors finds that:

7 (1) According to a September 2014 report by San Francisco Architectural
8 Heritage (San Francisco Heritage) entitled "Sustaining San Francisco's Living History:
9 Strategies for Conserving Cultural Heritage Assets," long-operating businesses foster civic
10 engagement and pride as neighborhood gathering spots, and contribute to San Francisco's
11 cultural identity.

12 (2) In San Francisco's current economic climate, many otherwise successful,
13 long-operating businesses are at risk of displacement, despite continued value and a record
14 of success.

15 (3) In recent years, San Francisco has witnessed the loss of many long-
16 operating businesses because of increased rents or lease terminations.

17 (4) To the extent that property owners have little incentive to retain longstanding
18 tenants, a long-operating business that does not own its commercial space or have a long-
19 term lease is particularly vulnerable to displacement. A viable strategy for securing the future
20 stability of San Francisco's long-operating businesses is to provide incentives to them to
21 purchase the buildings from which they operate and to provide incentives to landlords to enter
22 into long-term leases with the long-operating businesses.

23 (5) The purpose of the Legacy Business Rebate Program is therefore to
24 maintain San Francisco's cultural identity and to foster civic engagement and pride by
25 assisting long-operating businesses to remain in the City.

1 **(b) Rebate for Legacy Businesses.** A Legacy Business, as defined in Section
2 2A.242, that, on or after January 1, 2015, purchases the real property from which it operates
3 its business, shall be entitled to a rebate, as calculated in subsection (d) of this Section
4 2A.243, provided that the Legacy Business meets all requirements for the rebate established
5 by this Section 2A.243 and by rules and regulations the Executive Director of the Office of
6 Small Business establishes under subsection (f) of this Section 2A.243. A Legacy Businesses
7 qualifying under this subsection (b) shall be referred to as a "Qualified Legacy Business" for
8 purposes of this Section 2A.243.

9 **(c) Rebate for Landlords.** A person, as that term is defined in Business and Tax
10 Regulations Code Section 6.2-15, that, on or after January 1, 2015, purchases the real
11 property from which a Legacy Business operates its business, and that extends the term of
12 the Legacy Business's lease by at least an additional ten years (for example, the purchaser
13 extends an existing ten-year lease to a twenty-year lease), shall be entitled to a rebate, as
14 calculated in subsection (d) of this Section 2A.243, provided that the person meets all
15 requirements for the rebate established by this Section 2A.243 and by rules and regulations
16 the Executive Director of the Office of Small Business establishes under subsection (f) of this
17 Section 2A.243. A person qualifying under this subsection (c) shall be referred to as a
18 "Qualified Landlord" for purposes of this Section 2A.243.

19 **(d) Amount of Rebate.** The City shall pay to a Qualified Legacy Business or a
20 Qualified Landlord an amount equal to any taxes paid pursuant to Article 12-C of the Business
21 and Tax Regulations Code ("Real Property Transfer Tax"), as amended, with respect to the
22 purchase of the real property from which the Legacy Business operates its business, except
23 that the total combined rebates paid to all Qualified Legacy Businesses and Qualified
24 Landlords in a fiscal year shall not exceed \$400,000, and shall be subject to annual
25 appropriation. To the extent that the total rebates requested under this Section 2A.243

1 exceed \$400,000 in a fiscal year or exceed the amount of the annual appropriation for the
2 Legacy Business Rebate Program, the City shall pay rebates to Qualified Legacy Businesses
3 and Qualified Landlords in order of priority based on the date on which the Office of Small
4 Business received the Qualified Legacy Business's or the Qualified Landlord's rebate
5 application. The rebate shall be made to the Qualified Legacy Business or Qualified Landlord,
6 regardless of who paid the Real Property Transfer Tax. The City shall pay the rebate from a
7 project account in the General Fund that the Controller shall set aside for Legacy Business
8 Rebate Program funds (the "Legacy Business Rebate Program Account"). The City shall not
9 pay the rebate from funds dedicated under bond or other legal financing covenants.

10 (e) **Determination of Real Property Transfer Taxes Subject to Rebate.** The rebate
11 in this Section 2A.243 shall be limited to that portion of the Real Property Transfer Tax paid
12 that relates directly to the lands and improvements from which the Legacy Business operates
13 its business. If a Qualified Legacy Business or Qualified Landlord purchases real property
14 that includes improvements that the Legacy Business does not use to operate its business,
15 the portion of the Real Property Transfer Taxes that may be rebated under this Section
16 2A.243 shall be determined by multiplying the total Real Property Transfer Tax paid by a
17 fraction, the numerator of which is the square footage of the improvements on the real
18 property that the Legacy Business uses to operate its business, and the denominator of which
19 is the total square footage of the improvements on the real property that the Qualified Legacy
20 Business or Qualified Landlord purchased. For purposes of this subsection (e), the square
21 footage of the improvements on the real property that the Legacy Business uses to operate its
22 business, and the square footage of the improvements on the real property that the Qualified
23 Legacy Business or Qualified Landlord purchased, shall not include the square footage of any
24 common areas.

1 ~~(f) Implementation.~~ After holding a public hearing, the Executive Director of the
2 Office of Small Business, in consultation with the Controller, shall promulgate rules and
3 regulations to establish the procedures to implement the Legacy Business Rebate Program.
4 Such rules and regulations shall include provisions describing the application process, the
5 documentation that will be required to substantiate qualification for the rebate and the amount
6 of the rebate, an appeal process, and any other provisions deemed necessary and
7 appropriate to carry out the Legacy Business Rebate Program.

8 ~~(g) Annual Reports.~~

9 ~~(1) By May 1 of each year, the Executive Director of the Office of Small~~
10 ~~Business shall report to the Board of Supervisors on the implementation of the Legacy~~
11 ~~Business Rebate Program. The report shall include a list of (A) each Qualified Legacy~~
12 ~~Business and the amount of the rebate paid to each Qualified Legacy Business, and (B) each~~
13 ~~Qualified Landlord, the Legacy Business with which the Qualified Landlord entered into the~~
14 ~~extended lease, the original term of the lease, the extended term of the lease, and the amount~~
15 ~~of the rebate paid to each Qualified Landlord.~~

16 ~~(2) By September 1 of each year, the Controller shall perform an assessment~~
17 ~~and review of the effect of the Legacy Business Rebate Program for the prior fiscal year.~~
18 ~~Based on such assessment and review, the Controller shall prepare and submit an analysis to~~
19 ~~the Board of Supervisors. The analysis shall be based on criteria deemed relevant by the~~
20 ~~Controller, and may include, but is not limited to, data contained in the annual reports that the~~
21 ~~Office of Small Business submits to the Board of Supervisors.~~

22 ~~(h) Sunset Date.~~ This Section 2A.243 shall expire by operation of law at midnight on
23 December 31, 2019, unless extended by ordinance. Upon expiration of this Section 2A.243,
24 the City Attorney shall cause it to be removed from the Administrative Code.
25

1 Section 2. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

5
6 ~~Section 3. Undertaking for the General Welfare. In enacting and implementing this~~
7 ~~ordinance, the City is assuming an undertaking only to promote the general welfare. It is not~~
8 ~~assuming, nor is it imposing on its officers and employees, an obligation for breach of which it~~
9 ~~is liable in money damages to any person who claims that such breach proximately caused~~
10 ~~injury.~~

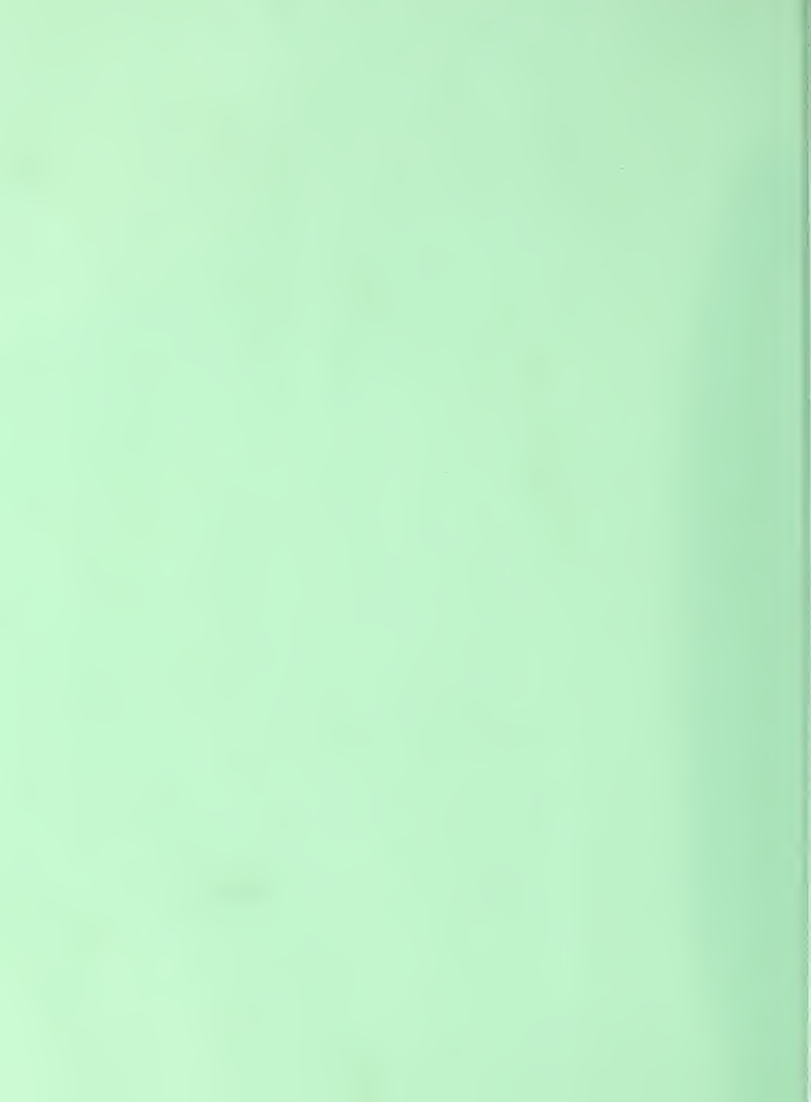
11
12 ~~Section 4. Severability. If any section, subsection, sentence, clause, phrase, or word~~
13 ~~of this ordinance, or any application thereof to any person or circumstance, is held to be~~
14 ~~invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision~~
15 ~~shall not affect the validity of the remaining portions or applications of the ordinance. The~~
16 ~~Board of Supervisors hereby declares that it would have passed this ordinance and each and~~
17 ~~every section, subsection, sentence, clause, phrase, and word not declared invalid or~~
18 ~~unconstitutional without regard to whether any other portion of this ordinance or application~~
19 ~~thereof would be subsequently declared invalid or unconstitutional.~~

20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22
23 By: _____
24 SCOTT M. REIBER
25 Deputy City Attorney

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SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, April 13, 2014 7:11
5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

1. Call to order and roll call.

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141302 [Health Code - Massage Practitioners, Establishments, and Associated Fees]** Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners and establishments by, among other things; 1) eliminating the exemption of massage establishments employing only State-certified massage practitioners from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for general and advanced massage practitioner permits; 3) denying massage establishment permits to applicants who have been convicted of or are currently charged with criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking general and advanced massage practitioner permits, massage establishment permits, outcall massage service permits, and sole practitioner massage establishment permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance. (Discussion and Possible Item)

Explanatory Documents: [BOS File No. 141302 Legislative Digest](#); [BOS File No. 141302 Legislation](#)

Presentation by: Supervisor Katy Tang

GOVERNMENT
DOCUMENTS DEPT

APR 10 2015

SAN FRANCISCO
PUBLIC LIBRARY

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

4. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141303 [Planning Code – Massage Establishments]** Update on the Planning Commission recommendations. (Discussion and Possible Item)

Explanatory Documents: 2015.03.26 Planning Commission Response to File No. 141303

BOS File No. 141303 Legislative Digest; BOS File No. 141303 Legislation

Presentation by: Supervisor Katy Tang

5. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
6. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
7. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
8. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
9. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
10. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact the Sunshine Ordinance Task Force:

City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

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The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

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CHEMICAL SENSITIVITY

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

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LEGISLATIVE DIGEST

[Health Code - Massage Practitioners, Establishments, and Associated Fees]

Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners and establishments by, among other things: 1) eliminating the exemption of massage establishments employing only State-certified massage practitioners from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for general and advanced massage practitioner permits; 3) denying massage establishment permits to applicants who have been convicted of or are currently charged with criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking general and advanced massage practitioner permits, massage establishment permits, outcall massage service permits, and sole practitioner massage establishment permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance.

Existing Law

Article 29 of the Health Code provides a comprehensive permitting and regulatory framework for massage practitioners and massage establishments over which the Department of Public Health (DPH) has jurisdiction.

A massage practitioner requires a permit issued by DPH in order to provide massage services, unless the practitioner holds a certificate to practice issued by the California Massage Therapy Council ("CAMTC"). Similarly, a massage establishment generally requires a permit from DPH in order to operate, but not if it employs only CAMTC-certified massage practitioners.

Applicants for a massage practitioner permit need to complete 100 hours of instruction in massage in order to receive a permit. An advanced permit is awarded to practitioners who have completed 200 hours of instruction.

Massage establishment permit applicants are required to pass criminal background checks, and supply substantial information about their proposed business. Establishment permit holders must satisfy a number of requirements and restrictions in operating their business and are subject to inspections for non-compliance. Both massage practitioners and massage

establishments are entitled to DPH Director's hearings for permit denials, suspensions, or revocations.

Amendments to Current Law

Under the Ordinance as amended, massage establishments employing only state-certified massage practitioners would require a DPH permit and would be subject to all of the same requirements as other massage establishments in the City. Applicants for a massage practitioner permit would have to complete 250 hours of instruction for a general permit, and 500 hours for an advanced permit. The amended ordinance would also deny an establishment permit to anyone with an ownership interest in the proposed establishment who had been convicted of, or is currently charged with criminal acts related to human trafficking. The amended Ordinance also conforms the provisions of Article 29 governing massage practitioner attire posting requirements for posting human trafficking information to state law for the purpose of ensuring that DPH will have local enforcement authority.

The amended Ordinance also adjusts the timing and criteria for various permit actions and clarifies the amount of fees due for each type of permit. It also contains a major reorganization of existing provisions to gather the related requirements together, ensure consistency among the various requirements, promote compliance, and facilitate effective enforcement.

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[Health Code - Massage Practitioners, Establishments, and Associated Fees]

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NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

1 SEC. 29.13. TEMPORARY MASSAGE PRACTITIONER PERMITS.

2 SEC. 29.14. EDUCATIONAL MATERIALS.

3 SEC. 29.15. MASSAGE PRACTITIONER IDENTIFICATION CARD.

4 SEC. 29.16. MASSAGE PRACTITIONER ANNUAL LICENSE FEE.

5 SEC. 29.17. MASSAGE PRACTITIONER CONDUCT REQUIREMENTS.

6 SEC. 29.18. SUSPENSION OR REVOCATION OF MASSAGE PRACTITIONER

7 PERMIT.

8
9 ESTABLISHMENT PERMITS

10 SEC. 29.25. ESTABLISHMENT PERMIT REQUIRED; EXEMPTIONS.

11 SEC. 29.26. APPLICATION FOR ESTABLISHMENT PERMIT.

12 SEC. 29.27. REQUIREMENTS FOR MASSAGE FACILITIES.

13 SEC. 29.28. REFERRAL OF PERMIT APPLICATION TO OTHER DEPARTMENTS.

14 SEC. 29.29. ISSUANCE OF ESTABLISHMENT PERMIT.

15 SEC. 29.30. BUSINESS TAX AND ZONING INFORMATION.

16 SEC. 29.31. ESTABLISHMENT ANNUAL LICENSE FEE.

17 SEC. 29.32. ESTABLISHMENT OPERATING REQUIREMENTS.

18 SEC. 29.33. INSPECTION.

19 SEC. 29.34. SUSPENSION OR REVOCATION OF ESTABLISHMENT PERMIT.

20
21 FEEES

22 SEC. 29.40. MASSAGE PRACTITIONER FEES.

23 SEC. 29.41. ESTABLISHMENT FEES.

24 SEC. 29.42. ADJUSTMENT OF FEES.

1 ENFORCEMENT AND PENALTIES

2 SEC. 29.45. VIOLATIONS AND ADMINISTRATIVE PENALTIES.

3 SEC. 29.46. COST RECOVERY.

4 SEC. 29.47. VIOLATIONS AND CRIMINAL PENALTIES.

5 SEC. 29.48. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.

6 SEC. 29.49. UNDERTAKING FOR THE GENERAL WELFARE.

7 SEC. 29.50. SEVERABILITY.

8 SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.

9
10 GENERAL PROVISIONS

11 SEC. 29.1. FINDINGS AND PURPOSE.

12 (a) In 2008, the Legislature enacted uniform statewide regulations pertaining to massage
13 therapy (Senate Bill No. 731 (2008), amended by Assembly Bill 619 (2011)) codified in Business and
14 Professions Code Sections 4600 et seq. The regulations created a private nonprofit benefit
15 corporation, the California Massage Therapy Council ("CAMTC"), which was authorized to regulate
16 and standardize the issuance of certificates to massage professionals throughout the state.

17 (b) The 2008 law as amended also served to exempt massage practitioners and massage
18 therapists who are certified by the CAMTC and massage establishments that employ only CAMTC-
19 certified practitioners from local permitting and other regulatory requirements except for reasonable
20 health and safety standards. This has had a preemptive effect on the ability of cities and counties to
21 effectively regulate massage establishments.

22 (c) The lack of local regulation has led to a marked increase in the number of massage
23 establishments that have opened in San Francisco, especially in some areas of the City that now exhibit
24 a significant concentration of such establishments.

1 (d) The lack of regulation has also allowed many illicit massage establishments to open,
2 sometimes under euphemistic monikers like “relaxation spa” or “health club.” These illicit
3 establishments are generally outlets of the sex trade, and some engage in human trafficking and other
4 human rights violations. Such massage establishments are detrimental to the health and safety of the
5 community and adversely impact the local economy by driving legitimate business away, potentially
6 affecting the vitality of neighborhoods and the provision of adequate services for residents and visitors
7 alike.

8 (e) In 2014, the Legislature passed, and Governor Brown signed, Assembly Bill No. 1147
9 (“AB 1147”), which authorizes local governments to use their regulatory and land use authority to
10 ensure the public’s safety, reduce human trafficking, and enforce local standards for the operation of
11 the business of massage therapy in the best interests of the affected community.

12 (f) Under AB 1147, cities and counties regained broad control over the ability to regulate
13 establishments that provide massage therapy services, and CAMTC retained responsibility over
14 regulating those individuals who hold a CAMTC certificate to practice massage therapy.

15 (g) Through this Article 29, the City seeks to exercise its authority under AB 1147 to
16 regulate all massage establishments, including those that employ only CAMTC-certified practitioners,
17 and to regulate massage practitioners who do not hold a CAMTC certificate.

18 **SEC. 29.2. ADMINISTRATION AND ENFORCEMENT.**

19 This Article shall be administered and enforced by the Department of Public Health. The
20 Director, after a noticed public hearing, may adopt rules and regulations to carry out the provisions of
21 this Article.

22 **SEC. 29.3. COMPLAINT LINE.**

23 The Director shall maintain a phone line for inquiries and complaints regarding massage
24 businesses and practitioners.

25 **SEC. 29.4. TRANSFER OF PERMIT.**

1 No permit issued under this Article shall be transferable under any circumstances, including but
2 not limited to the sale of the massage establishment.

3 **SEC. 29.54. DEFINITIONS.**

4 For the purposes of this Article:

5 "Advanced Massage Practioner" means a Massage Practitioner whom the Department has
6 granted an advanced permit rather than a general permit on the basis of having satisfied the additional
7 education requirements set forth in Section 29.11(c).

8 "Approved School" or "Approved Massage School" means a school that provides instruction
9 and training in massage and meets the requirements of California Business and Professions Code
10 Section 4601(a).

11 "CAMTC" means the California Massage Therapy Council as ~~defined~~ established in the
12 California Business and Professions Code Section 4602 ~~§ 4600(e)~~, or any successor agency.

13 "CAMTC Certified Practitioner" means an individual who administers massage for
14 compensation and holds a valid and active certificate to practice massage issued by CAMTC pursuant
15 to California Business and Professions Code Sections 4604 or 4604.2.

16 "City" means the City and County of San Francisco.

17 "Compensation" means a payment, loan, advance, donation, contribution, deposit, forgiveness
18 of debt, or gift of money or anything of value.

19 "Convicted" means having pled guilty or having received a verdict of guilty, including a
20 verdict following a plea of nolo contendere, to a crime.

21 "Department" means Department of Public Health.

22 "Director" means the Director of the Department of Public Health or any individual
23 designated by the Director to act on his or her behalf.

24 "Establishment" means Massage Establishment, Outcall Massage Service, and Sole Practitioner
25 Massage Establishment collectively, except where otherwise specified.

1 "Health Care Provider" shall mean any person whose activities are licensed or regulated under
2 Division 2 of the California Business and Professions Code or any initiative act referred to in that
3 Division.

4 "Massage" means any method of pressure on or friction against, or stroking, kneading,
5 rubbing, tapping, pounding, vibrating, or stimulating of the external soft pads of the body with
6 the hands or with the aid of any ~~mechanical electrical~~ apparatus or appliances, ~~with or without~~
7 ~~such supplementary aids as rubbing alcohol, liniments, antiseptics, oils, powder, lotions, ointments, or~~
8 ~~other similar preparations.~~

9 "Massage establishment" means a fixed place of business where more than one
10 ~~person individual administers~~ engages in or carries on, or permits to be engaged in or carried on, the
11 ~~practice of m~~Massage for Compensation, excluding those locations where Massage is provided only
12 ~~on an outcall basis.~~

13 "Massage ~~P~~ practitioner" means any individual ~~who, for any monetary consideration~~
14 ~~whatsoever, engages in the practice of massage who administers Massage for Compensation pursuant~~
15 ~~to a permit issued by the Director under this Article 29. Except as otherwise specified,~~ "Massage
16 ~~p~~Practitioner" ~~shall include~~ both general ~~massage practitioners~~ and advanced ~~massage~~
17 practitioners, as provided in Section 29.211. "Massage Practitioner" does not include CAMTC
18 Certified Practitioner.

19 "Non-profit ~~O~~rganization" means any organization having a formally recognized exemption
20 ~~fraternal, charitable, religious, benevolent, or any other nonprofit organization having a regular~~
21 ~~membership association primarily for mutual social, mental, political, and civic welfare, to which~~
22 ~~admission is limited to the members and guests and revenue accruing therefrom to be used exclusively~~
23 ~~for the benevolent purposes of said organization and which organization or agency is exempt from~~
24 ~~federal income taxation, under the Internal Revenue Laws of the United States as a bona fide fraternal,~~
25 ~~charitable, religious, benevolent, or non-profit organization. pursuant to the Internal Revenue Code.~~

1 "Outcall ~~M~~message ~~S~~ervice" means any business other than a not permitted as a
2 Mmessage Establishment or ~~Sole~~ pPractitioner ~~m~~Message ~~e~~Establishment that provides under
3 the provisions of this Article, wherein the primary function of such business is to engage in or carry on
4 mMessage for Compensation not at a fixed location but at a location designated by the client or
5 eustomer rather than on its premises.

6 "Owner" means any individual, partnership, firm, association, corporation, or combination of
7 individuals of whatever form or character with an ownership interest in a business that provides
8 Massage services.

9 "Permittee" means the owner, proprietor, manager, or operator of a massage establishment,
10 outeall massage service, or solo practitioner massage establishment.

11 "Person" means any individual, partnership, firm, association, joint stock company,
12 corporation, or combination of individuals of whatever form or character.

13 "Recognized school for massage" means any school or institution of learning which teaches the
14 theory, ethics, practice, profession, and work of massage, which requires a resident course of study of
15 not less than 100 hours to be completed before the student shall be furnished with a diploma or
16 certificate of graduation, and which has been approved pursuant to California Education Code
17 Sections 94301 et seq., or, if said school or institution is not located in California, has complied with
18 standards commensurate with those required in said Sections 94301 et seq. and has obtained
19 certification under any similar state approval program, if such exists.

20 "Sole pPractitioner ~~m~~Message ~~e~~Establishment" means a Massage practice at a fixed
21 place of business where a person holding and solely owned by an advanced mMessage
22 pPractitioner permit holder or CAMTC Certified Practitioner, engages in or carries on, or permits to
23 be engaged in or carried on, the practice of who is the only person who provides mMessage for
24 Compensation. The business location Said fixed place of business may be shared by two to four
25 advanced mMessage pPractitioners or CAMTC Certified Practitioners in any combination, or two

1 ~~to four advanced massage practitioners~~ and one or more ~~health~~ Care Providers or healing arts
2 ~~practitioners~~, except as otherwise provided pursuant to Section 29.2944(e).

4 MASSAGE PRACTITIONER PERMITS

5 **SEC. 29.102. PERMIT REQUIRED FOR MASSAGE PRACTITIONER;** 6 **EXEMPTIONS.**

7 (a) Permit Required. It shall be unlawful for any individual ~~who is not certified as a~~
8 ~~massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions~~
9 ~~Code to engage in the practice to~~ administer Massage for Compensation without first obtaining a
10 Massage Practitioner permit from the Director, unless that individual is exempt from the permit
11 requirement under subsection (b).

12 ~~(b) An individual may receive a permit as either a general massage practitioner or an~~
13 ~~advanced massage practitioner, as provided in Section 29.3. As used in this Article, the term "massage~~
14 ~~practitioner" shall refer to both general massage practitioners and advanced massage practitioners,~~
15 ~~unless otherwise specifically provided in this Article.~~

16 (b) Exemptions. The following massage service providers are exempt from the permit
17 requirement in subsection (a):

18 (1) CAMTC Certified Practitioners.

19 (e2) A permit is not required where the individual is a A licensed or certificated
20 health eCare Provider practitioner practicing massage as part of his or her health care
21 practice. ~~For purposes of this Section, "health care practitioner" shall mean any person whose~~
22 ~~activities are licensed or regulated under Division 2 of the California Business and Professions Code~~
23 ~~or any initiative act referred to in that division.~~

24 (d3) A permit is not required where the individual is a barber, cosmetologist, esthetician,
25 or manicurist licensed or certificated pursuant to Division 3, Chapter 10, of the California

1 Business and Professions Code, practicing massage as part of his or her work as a barber,
2 cosmetologist, esthetician, or manicurist and within the scope of any relevant state restrictions
3 on the practice of massage by members of those professions.

4 ~~(e) An individual practicing massage under the direction of a non-profit organization, and the~~
5 ~~organization itself are exempt from permit and license fees under this Article, but the individual and the~~
6 ~~organization must obtain the necessary permits and licenses and otherwise comply with all relevant~~
7 ~~requirements.~~

8 **SEC. 29.113. APPLICATION FOR GENERAL OR ADVANCED MESSAGE**
9 **PRACTITIONER PERMIT. ~~GENERAL AND ADVANCED PRACTITIONERS NOT CERTIFIED BY~~**
10 **~~THE CAMTC.~~**

11 (a) Permit Application. ~~Unless certified as a massage practitioner or therapist by the CAMTC~~
12 ~~pursuant to the California Business and Professions Code, e~~ Every applicant for a ~~m~~ Massage
13 ~~p~~ Practitioner permit shall:

14 (1) ~~E~~ file an application with the Director upon a form provided by the Director;

15 (2) Provide a complete set of fingerprints in the manner required by the Director for the
16 purpose of undergoing a criminal background check; and

17 (3) ~~P~~ pay a non-refundable application fee; as set forth in Section 29.2640.

18 (b) Applicant Information. The application form for a massage practitioner permit shall
19 require the applicant to provide set forth, under penalty of perjury, the following information:

20 (1) The applicant's Name and residence address ~~of the applicant~~;

21 (2) A unique identifying number from at least one government-issued form of
22 identification, such as a social security card, a state driver's license or identification card, or a
23 passport;

24 (3) Written evidence that the applicant is at least 18 years of age;

25 (4) The Applicant's height, weight, and color of hair and eyes;

(5) ~~The applicant's work history Business, occupation, or employment of the applicant for the five years immediately prior to the date of application; this information shall include, but not be limited to, a statement as to whether or not the applicant, in working as a massage practitioner or bodywork technician or similar occupation under a permit or license, has had such permit or license revoked or suspended, and the reasons therefor; and~~

~~(6) All permits, certificates, or licenses related to the practice of Massage currently or formerly held by the applicant in San Francisco or elsewhere, including any discipline imposed by the issuing authority and a statement whether the applicant is currently the subject of a disciplinary process; and~~

~~(7) All felony or misdemeanor convictions and pending criminal charges that are unresolved; and~~

~~(8) Any additional information as required by the Director.~~

(c) Minimum Educational Requirements for General and Advanced Permits. Massage Practitioner permits shall be awarded at the general or advanced level, depending on the number of hours of instruction and training the applicant has completed. An applicant for a general ~~Massage p~~Practitioner permit shall provide, ~~as part of the application, the name and address of the recognized school for massage attended, the dates attended, and the original of the diploma or certificate of completion awarded the applicant, in a form acceptable to the Director, documentation~~ showing that the applicant has completed not less than ~~250+00~~ 250 hours of instruction in massage and related subjects at an Approved Massage School. An applicant for an advanced ~~Massage p~~Practitioner permit shall provide acceptable documentation that the applicant has successfully completed 500 hours of such instruction. ~~as part of the application, the name and address of the recognized school or schools for massage attended, the dates attended, and the original of the diploma(s) or certificate(s) of completion awarded the applicant showing that the applicant has completed not less than 200 hours of instruction.~~ The additional ~~250+00~~ 250 hours of instruction

required for the advanced ~~m~~Massage ~~p~~Practitioner permit may be completed at one or more ~~Approved s~~Schools. If the applicant already holds a current general ~~m~~Massage ~~p~~Practitioner permit, he or she needs only submit documentation for the additional ~~250~~~~400~~ hours of instruction necessary for the advanced ~~m~~Massage ~~p~~Practitioner permit.

(d) Proficiency Test. The Director shall administer a ~~culturally-sensitive~~ test to all applicants, in the applicant's own language, to confirm basic proficiency in ~~m~~Massage before issuing a permit.

~~(e) The Director is hereby authorized to require in the application any other information including, but not limited to, any information necessary to discover the truth of the matters set forth in the application.~~

SEC. 29.124. ISSUANCE OF MESSAGE PRACTITIONER PERMIT. ~~FOR~~
~~PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~

(a) Time for Decision. ~~Within 14 days following a hearing, or, if no hearing is held, within~~ 60 business days following receipt of a completed application for a ~~m~~Massage ~~p~~Practitioner permit, ~~for a practitioner who is not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code~~ the Director shall either issue the permit or mail a written statement of his or her reasons for denial thereof to the applicant. If the Director takes neither action, the permit shall be deemed issued.

~~(b) Hearing on Application. The Director may, in his or her discretion, hold a hearing on any pending application for a Massage Practitioner permit. The Director shall give the applicant at least 10 days' written notice of the time and place of the hearing.~~

~~(c)~~ Grounds for Denial. No ~~m~~Massage ~~p~~Practitioner permit shall be issued if the Director finds:

- (1) The applicant is exempt from the permit requirement pursuant to Section 29.10; or

1 ~~(2) The applicant has provided materially false information, documents, or~~
2 testimony in support of the application or in any other matter before the Director; or

3 ~~(2) The applicant has not complied fully with the provisions of this Article; or~~

4 (3) Within five years immediately prior to the date of application, the applicant
5 has had any license, certificate, or permit related to the practice of ~~m~~Massage revoked or, if
6 from another jurisdiction, suspended under circumstances that qualify for revocation under this Article
7 29, or is currently the subject of an unresolved disciplinary process that may result in suspension or
8 revocation; or

9 (4) The applicant has been ~~e~~Convicted of, or is currently charged with, any of the
10 following offenses ~~or convicted of an offense outside the State of California that would have~~
11 ~~constituted any of the following offenses if committed within the State of California~~:

12 (A) Any felony involving the use of coercion, ~~or force, or~~and violence
13 upon another person; or

14 (B) Any misdemeanor sexual battery; or

15 (C) Any offense involving sexual misconduct with children; or

16 (D) Any offense requiring registration pursuant to Section 290 of the
17 California Penal Code or, for Convictions outside California, any offense requiring registration in
18 California under Penal Code Section 290.005.

19 ~~(5) The applicant has failed to satisfy the education requirements or pass the massage~~
20 ~~proficiency test; or~~

21 ~~(6) The Director concludes that there is good cause to deny the permit in accordance~~
22 ~~with Section 26 of the Business and Tax Regulations Code.~~

23 ~~(de) Discretionary Exception for Criminal Convictions.~~ The Director may issue a
24 ~~m~~Massage pPractitioner permit to any individual ~~e~~Convicted of one of the offenses listed in
25 ~~s~~subsection ~~(cb)~~(4) of this Section if the Director finds that the offense was not violent, the

conviction occurred at least five years prior to the date of application, and the applicant has not been ~~e~~Convicted subsequently of ~~one of those~~ a listed offenses.

(~~ee~~) Right to Director's Hearing. If an application for a ~~m~~Massage ~~p~~Practitioner permit is denied, and provided that the Director did not hold a hearing on the application as provided in subsection (b) of this Section 29.12, within 30 days of the date of receipt of the notice of denial, the applicant may appeal the ~~decision~~ denial within 30 days of receipt of the notice of denial by notifying the Director in writing and explaining ~~The notice shall set forth~~ in detail the ground or grounds for the appeal. ~~Within 30 days of receipt of the notice of appeal,~~ The Director shall conduct a hearing to consider the appeal within 30 days of receiving the notice of appeal and ~~At least 10 days prior to the hearing, the Director shall~~ notify the applicant of the time and place of the hearing at least 10 days in advance of the hearing. The Director shall oversee the hearing, provide the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days of the conclusion of the hearing. ~~its conclusion.~~ The Director's ruling shall be the final decision of the Department. If the Director does not rule within 30 days of the conclusion of the hearing, the permit denial shall be deemed sustained.

SEC. 29.135. TEMPORARY AND TRAINEE MASSAGE PRACTITIONER PERMIT.S.÷
TRAINEE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

(a) Temporary Permit During Application Period. Upon completion and submission of an application for a ~~m~~Massage ~~p~~Practitioner permit ~~for a practitioner who is not certified as a~~ massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code, as required in Section 29.3 of this Article, and upon payment of all fees for the permit, an applicant may request a temporary ~~m~~Massage ~~p~~Practitioner permit. If requested, the Director shall issue the temporary ~~m~~Massage ~~p~~Practitioner permit, ~~which is~~ shall be valid for the period during which the application is under review, but in no event for more than 60 business days. The Director may revoke the temporary permit at any time if he or she finds that the applicant

has failed to meet any of the requirements of Section 29.412 *or violated any provision* of this Article 29.

(b) Trainee Permits. The Director may adopt rules and procedures for issuing trainee permits, not to exceed three months in duration, to persons who have otherwise successfully completed an application for a ~~m~~Massage ~~p~~Practitioner permit, *and* who are currently registered in an Approved recognized ~~s~~Massage School of massage, and who seek to fulfill the training requirement imposed by the school.

SEC. 29.14. EDUCATIONAL MATERIALS.

The Director shall provide all persons receiving a Massage Practitioner permit with educational materials regarding their rights and informing them of available resources, such as health services and victim assistance, as well as emergency numbers and hotlines to call for information and assistance.

SEC. 29.156. MESSAGE PRACTITIONER IDENTIFICATION CARD. FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

The Director shall provide each ~~all m~~Massage ~~P~~Practitioners ~~granted a permit, who are not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code,~~ with a photo identification card. ~~Massage e~~Establishments must post practitioner identification cards at all times in a public area for all Massage p~~P~~ractitioners working at any ~~m~~Massage ~~e~~Establishment or ~~solo~~ Sole p~~P~~ractitioner ~~m~~Massage ~~e~~Establishment. The identification card must be presented to any City health inspector or law enforcement officer upon request. ~~at all times during the regular business hours of any massage establishment or solo-practitioner massage establishment.~~

SEC. 29.167. MESSAGE PRACTITIONER ANNUAL LICENSE FEE.

Every ~~m~~Massage ~~p~~Practitioner shall pay to the Tax Collector an annual license fee, as set forth in Section 29.2641.

1 **SEC. 29.17. MESSAGE PRACTITIONER CONDUCT REQUIREMENTS.**

2 *(a) Required Attire. Massage Practitioners shall remain fully clothed while administering*
3 *massage or otherwise visible to clients on business premises, including premises designated by the*
4 *client through an Outcall Massage Service. The Massage Practitioner's attire shall not include: (1)*
5 *attire that is transparent, see-through, or that substantially exposes the practitioner's undergarments;*
6 *(2) swim attire, unless the practitioner is providing a water-based massage modality that has been*
7 *approved by CAMTC; or (3) attire that exposes the individual's breasts, buttocks, or genitals.*

8 *(b) Lewd Conduct Prohibited. Massage Practitioners shall not engage in lewd conduct on*
9 *business premises, including locations designated by the client through an Outcall Massage Service.*
10 *Lewd acts include, but are not limited to: the performance of acts or simulated acts of sexual*
11 *intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or vaginal), or flagellation; the*
12 *actual or simulated caressing or fondling by one adult human being of the anus or genitals of another*
13 *adult human being; the actual or simulated displaying of the pubic hair, anus, vagina, penis, vulva,*
14 *buttocks, areola, or any other external genitalia of the human body.*

15 **SEC. 29.18. SUSPENSION OR REVOCATION OF MESSAGE PRACTITIONER**
16 **PERMIT, FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

17 *(a) Grounds for Suspension or Revocation.* The Director may revoke or suspend any
18 ~~massage practitioner permit for a practitioner who is not certified as a massage practitioner or~~
19 ~~therapist by the CAMTC pursuant to the California Business and Professions Code, after a public~~
20 ~~hearing; if the Director finds:~~

21 *(1) Facts sufficient to support denial of a Massage Practitioner permit on any ground*
22 *set forth in Section 29.12 The Massage Practitioner has willfully violated any of the provisions of this*
23 *Article; or*

24 *(2) The Massage Practitioner has violated the conduct requirements in Section 29.17*
25 *The massage practitioner has provided materially false documents or testimony; or*

(3) The Director finds that there is good cause to suspend or revoke the permit in accordance with Section 26 of the Business and Tax Regulations Code Within five years immediately prior to the date of application, the massage practitioner has had any license or permit related to the practice of massage revoked; or

(4) The ~~m~~Massage pPractitioner has violated any of the provisions of this Article 29 or a rule or regulation adopted by the Director related to the practice of Massage.

(b) Hearing. A Massage Practitioner who has been cited by the Department for a violation of any provision of this Article 29 shall be scheduled to appear at a hearing before the Director. Before any hearing is conducted under this Section, tThe Director shall provide the ~~m~~Massage pPractitioner at least 2010 days' written notice. ~~The notice shall include~~ of the time, place, and grounds for the hearing. If requested by the ~~m~~Massage pPractitioner, the Director shall make available all documentary evidence against him or her within two business days of the request ~~no later than 15 days prior to the hearing.~~ At the hearing, the ~~m~~Massage pPractitioner shall be provided an opportunity to refute all evidence against him or her. The Director shall oversee the hearing and issue a ruling within 2030 days of ~~its~~ the conclusion of the hearing. If the Director fails to issue a ruling within this time period, the permit shall not be suspended or revoked. The Director's ruling shall be the final decision of the Department.

(c) Summary Suspension. The Director may suspend summarily any ~~m~~Massage pPractitioner permit issued under this Article 29 pending a noticed suspension or revocation hearing ~~on revocation or suspension~~ when, in the opinion of the Director, the public health or safety requires such summary suspension. The Director Any affected permittee shall provide be given written notice of such summary suspension to the Massage Practitioner by hand delivery in writing delivered to said permittee in person or by registered mail-letter.

ESTABLISHMENT PERMITS

1 *SEC. 29.9. REGISTRATION OF MASSAGE ESTABLISHMENTS THAT EMPLOY ONLY*
2 *CAMTC-CERTIFIED PRACTITIONERS.*

3 *(a) All massage establishments that employ only massage practitioners who are certified by*
4 *the CAMTC pursuant to the California Business and Professions Code, must provide copies of those*
5 *certificates, and the home and work addresses of those massage practitioners to the San Francisco*
6 *Department of Public Health for all massage practitioners employed by the establishment. The*
7 *massage establishment must provide notice of any changes within thirty (30) days.*

8 *(b) All massage establishments that employ only massage practitioners who are certified by*
9 *CAMTC must notify the Department if any CAMTC-certified massage practitioner loses their CAMTC*
10 *certification.*

11 *(c) Any massage establishment that employs any massage practitioner who is not certified by*
12 *CAMTC must obtain a permit to operate a massage establishment from the San Francisco Department*
13 *of Public Health in accordance with this Article 29.*

14 *(d) Upon notice from CAMTC, that the CAMTC certification of a massage practitioner has*
15 *been suspended or revoked, the Department shall send written notice to the massage establishment that*
16 *it must obtain a permit from the San Francisco Department of Public Health in order to continue to*
17 *operate, and that it must apply for the permit within thirty (30) days of the notice. Failure to either*
18 *apply for a San Francisco permit or to regain exempt status by employing only CAMTC-certified*
19 *massage practitioners within thirty (30) days, may result in administrative penalties as set forth in this*
20 *Article 29, Section 29.27.*

21 **SEC. 29. 2510. ESTABLISHMENT PERMIT REQUIRED; EXEMPTIONS. FOR A**
22 **MASSAGE ESTABLISHMENT, SOLO PRACTITIONER; MASSAGE ESTABLISHMENT, OR**
23 **OUTCALL MASSAGE SERVICE, EXEMPTIONS FOR PRACTITIONERS NOT CERTIFIED BY THE**
24 **CAMTC.**

1 (a) Permit Required. It shall be unlawful for any ~~person~~ Owner of a Massage Establishment,
2 Outcall Massage Service, or Sole Practitioner Massage Establishment to operate that Establishment
3 ~~engage in, conduct, or carry on, or to permit to be engaged in, conducted, or carried on, in or upon at~~
4 ~~any location premises~~ in the City ~~the operation of a massage establishment, solo practitioner massage~~
5 ~~establishment, or outcall massage service~~ without first obtaining a permit from the Director. In the
6 event that a business owner or operator disclaims that the business provides Massage services, the
7 Director may hold a hearing to determine whether an Establishment permit is required, ~~unless all~~
8 ~~persons employed by that establishment or service are certified as massage practitioner(s) or~~
9 ~~therapist(s) by the CAMTC pursuant to the California Business and Professions Code.~~

10 (b) Exemptions. The following businesses may provide massage services without obtaining an
11 Establishment permit.

12 (1) Hospitals, nursing homes, and other ~~S~~state-licensed health care facilities
13 providing massage services to their patients shall not be required to obtain a permit under this
14 Section 29.25, where the services are provided by a ~~licensed or certified h~~Health ~~c~~Care
15 ~~Provider practitioner~~ or an individual practicing massage under the direction of a ~~h~~Health ~~c~~Care
16 ~~Provider practitioner~~. For purposes of this Section, "health care practitioner" shall mean any person
17 whose activities are licensed or regulated under Division 2 of the California Business and Professions
18 Code or any initiative act referred to in that division.

19 (e2) A permit shall not be required under this Section where the services are
20 provided on the premises ~~(14)~~ by a ~~licensed or certified h~~Health ~~c~~Care ~~Provider practitioner~~ or
21 ~~(2B)~~ by a barber, cosmetologist, esthetician, or manicurist; licensed or certified pursuant to
22 Division 3, Chapter 10, of the California Business and Professions Code, practicing massage
23 as part of his or her work as a barber, cosmetologist, esthetician, or manicurist, and within the
24 scope of any relevant state restrictions on the practice of massage by members of those
25 professions.

(c) Previously Exempt Massage Businesses. A massage business previously exempt from the Establishment permit requirement under prior Section 29.9 but not currently exempt under subsection (b) of this Section 29.25 may continue to operate without an Establishment permit until its application for a permit is submitted and decided; provided that the Owner submits a completed application within three months of the effective date of the ordinance deleting former Section 29.9; and further provided that the business complies with all provisions of this Article and any rules and regulations that apply to Establishments during the interim period in which it operates without a permit. The Director shall conduct a public hearing on the application as provided in Section 29.29(b). The Director may deny the application for an Establishment permit on any ground enumerated in Sections 29.29 and 29.34, grant the permit, or grant the permit with conditions.

A non-profit organization providing massage services on its premises, and the individuals providing the massage services, are exempt from permit and license fees under this Article, but the organization and the individuals must obtain the necessary permits and licenses and otherwise comply with all relevant requirements.

SEC. 29.26H. APPLICATION FOR MESSAGE ESTABLISHMENT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT, FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

(a) Application Requirements. Unless all massage practitioners or therapists providing services are certified as a massage practitioner or therapist by CAMTC pursuant to the California Business and Professions Code, every applicant for a massage establishment, solo practitioner message establishment, or outcall message service permit To apply for an Establishment permit, the Owner shall:

- (1) fFile an application with the Director upon a form provided by the Director;*
- (2) pProvide a complete set of fingerprints in the manner required by the Director from any person with an ownership interest in the Establishment, through the Live Scan process, or any*

1 ~~comparable successor technology~~, for the purpose of a undergoing a criminal background check;
2 and

3 (3) ~~Pay~~ a non-refundable application fee, as set forth in Section 29.2641; ~~and~~

4 (4) Permit inspection of any Massage facilities proposed to be operated under the
5 Establishment permit by all relevant City departments.

6 (b) Applicant Information. The application form shall require the applicant to provide ~~set~~
7 ~~forth~~, under penalty of perjury, the following information:

8 (1) The Owner's name(s), address(es), and any other identifying information requested
9 by the Director;

10 (2) The exact nature A description of the all services to be rendered by the
11 Establishment;

12 (3) The address of the proposed place of business Establishment and of any
13 facilities proposed to be operated under the Establishment permit facilities thereof; and a copy of the
14 rental agreement or lease showing the names of the landlord and all of the tenants or lessees
15 who are parties to the rental agreement; or, if the Owner owns the premises, a copy of the deed and a
16 disclosure of any other person or entity with a shared ownership interest in the premises;

17 (4) The number of individuals to be employed by the business Establishment,
18 and, except in the case of a solo Sole massage pPractitioner Massage eEstablishment, the names
19 and permit or certificate numbers of any mMassage pPractitioners or CAMTC Certified
20 Practitioners who shall operate under that permit;

21 (4) The name, residence address, and date of birth of each applicant;

22 (5) Any history of previous massage All permits, certificates, or licenses related to
23 the practice of Massage or the operation of an Establishment, currently or formerly held by an Owner,
24 issued in San Francisco or issued by CAMTC or elsewhere, including any discipline imposed by the
25 issuing authority and a statement whether the permit holder is currently the subject of a disciplinary

1 (c) Previously Exempt Massage Businesses. A massage business previously exempt from the
2 Establishment permit requirement under prior Section 29.9 but not currently exempt under subsection
3 (b) of this Section 29.25 may continue to operate without an Establishment permit until its application
4 for a permit is submitted and decided; provided that the Owner submits a completed application within
5 three months of the effective date of the ordinance deleting former Section 29.9; and further provided
6 that the business complies with all provisions of this Article and any rules and regulations that apply to
7 Establishments during the interim period in which it operates without a permit. The Director shall
8 conduct a public hearing on the application as provided in Section 29.29(b). The Director may deny
9 the application for an Establishment permit on any ground enumerated in Sections 29.29 and 29.34,
10 grant the permit, or grant the permit with conditions.

11 ~~A non-profit organization providing massage services on its premises, and the individuals~~
12 ~~providing the massage services, are exempt from permit and license fees under this Article, but the~~
13 ~~organization and the individuals must obtain the necessary permits and licenses and otherwise comply~~
14 ~~with all relevant requirements.~~

15 **SEC. 29.264. APPLICATION FOR MASSAGE ESTABLISHMENT, SOLO**
16 **PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT, FOR**
17 **PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

18 (a) Application Requirements. ~~Unless all massage practitioners or therapists providing~~
19 ~~services are certified as a massage practitioner or therapist by CAMTC pursuant to the California~~
20 ~~Business and Professions Code, every applicant for a massage establishment, solo practitioner~~
21 ~~massage establishment, or outcall massage service permit To apply for an Establishment permit, the~~
22 Owner shall:

- 23 (1) ~~f~~File an application with the Director upon a form provided by the Director;
24 (2) ~~p~~Provide a complete set of fingerprints in the manner required by the Director
25 ~~from any person with an ownership interest in the Establishment, through the Live Scan process, or any~~

comparable successor technology, for the purpose of a undergoing a criminal background check;
and

(3) ~~p~~Pay a non-refundable application fee, as set forth in Section 29.2641; and

(4) Permit inspection of any Massage facilities proposed to be operated under the
Establishment permit by all relevant City departments.

(b) Applicant Information. The application form shall require the applicant to provide set
forth, under penalty of perjury, the following information:

(1) The Owner's name(s), address(es), and any other identifying information requested
by the Director;

(2) The exact nature A description of the all services to be rendered by the
Establishment;

(3) The address of the proposed place of business Establishment and of any
facilities proposed to be operated under the Establishment permit facilities thereof, and a copy of the
rental agreement or lease showing the names of the landlord and all of the tenants or lessees
who are parties to the rental agreement; or, if the Owner owns the premises, a copy of the deed and a
disclosure of any other person or entity with a shared ownership interest in the premises;

(4) The number of individuals to be employed by the business Establishment,
and, except in the case of a sole Sole massage pPractitioner Massage eEstablishment, the names
and permit or certificate numbers of any mMassage pPractitioners or CAMTC Certified
Practitioners who shall operate under that permit;

(4) ~~The name, residence address, and date of birth of each applicant;~~

(5) Any history of previous massage All permits, certificates, or licenses related to
the practice of Massage or the operation of an Establishment, currently or formerly held by an Owner,
issued in San Francisco or issued by CAMTC or elsewhere, including any discipline imposed by the
issuing authority and a statement whether the permit holder is currently the subject of a disciplinary

1 ~~process, including whether any such permit or license has been revoked and the reasons therefor, for~~
2 ~~each applicant; and~~

3 (6) All felony or misdemeanor convictions and pending criminal charges that are
4 unresolved for the applicant each person with an ownership interest in the Establishment, within the
5 preceding ten years, including, but not limited to, felony sexual assault; sexual battery (Cal. Penal
6 Code 243.4); rape (Cal. Penal Code 261); statutory rape (Cal. Penal Code 261.5); prostitution offenses
7 related to pimping (Cal. Penal Code 266 and applicable subsections); pandering (Cal. Penal Code
8 266i); sex crimes for which registration is required under the Sex Offender Registration Act (Cal.
9 Penal Code 290); keeping or residing in house of ill fame (Cal. Penal Code 315); keeping disorderly
10 house (Cal. Penal Code 316); human trafficking (Cal. Penal Code 236.1); convictions in any other
11 state of any offense which, if committed or attempted in this state, would have been punishable as one
12 or more of the referenced offenses of this subdivision; and, conspiracy or attempt to commit any such
13 offense described in the subsections above.; and

14 (e7) Any additional information as required by the The Director, is hereby authorized
15 to require in the application any other information including, but not limited to, information related to
16 the health, hygiene, and sanitation of the premises, and any information necessary to confirm the
17 accuracy of the matters set forth in the application.

18 (c) ~~The Director is hereby authorized to require in the application any other information~~
19 ~~including, but not limited to, information related to the health, hygiene, and sanitation of the premises~~
20 ~~and any information necessary to confirm the accuracy of the matters set forth in the application.~~

21 (cd) Organizational Owners. If an applicant for a massage the Owner of the eEstablishment
22 or outcall massage service permit is or includes a corporation, the name of the corporation shall
23 be set forth exactly as shown in its articles of incorporation together with the names and
24 residence addresses of each of the officers, directors, and each stockholder holding more
25 than 10 percent of the stock of the corporation. If the Owner application is or includes a

partnership, the application shall set forth the name and the residence address of each of the partners, including limited partners. If one or more of the partners is a corporation, the provisions of this ~~Section subsection~~ pertaining to corporate applicants applies. The applicant shall provide the same permit and criminal history information required ~~of individual applicants, set forth in subsections (a)(2), (b)(1), (b)(5), and (b)(6) of this Section, above~~ for each officer, director, and stockholder holding more than 10 percent of the stock of the corporation, or for each partner, including limited partners.

(de) Proof of Advanced Permit or CAMTC Certification for Sole Practitioners. In addition to the information required under subsections (b) ~~and (e) of this Section~~, an applicant for a ~~sole~~ Sole pPractitioner mMassage eEstablishment permit shall provide proof that he or she holds a current, valid advanced ~~mMassage pPractitioner~~ permit or CAMTC certificate, issued by the Director under Section 29.2.

(ef) Compliance with Planning Code Notice Requirement. Applicants shall also submit proof of compliance with any applicable Planning Code requirements regarding notice and posting of the proposed ~~eEstablishment~~.

~~(g) An advanced massage practitioner holding a solo practitioner massage establishment permit shall not be required to pay any additional permit fee for an outcall massage service permit.~~

~~(h) Within 14 days following a hearing, or, if no hearing is held, within 60 business days following receipt of a completed application for a permit for a massage establishment that does not solely employ practitioners certified as a massage practitioner or therapist by the State of California pursuant to the California Business and Professions Code the Director shall either issue the permit or mail a written statement of his or her reasons for denial thereof to the applicant. If the Director takes neither action, the permit shall be deemed issued.~~

~~(i) No massage establishment permit shall be issued if the Director finds:~~

~~(1) The applicant has provided materially false documents or testimony; or~~

1 (2) The applicant has not complied fully with the provisions of this Article; or
2 (3) Within five years immediately prior to the date of application, the applicant has had
3 any license or permit related to the operation of a massage establishment revoked by the City, another
4 City or County, or by the CAMTC; or
5 (4) The applicant has been convicted of any of the following offenses or convicted of an
6 offense outside the State of California that would have constituted any of the following offenses if
7 committed within the State of California, within the last five years: felony sexual assault; sexual battery
8 (Cal. Penal Code 243.4); rape (Cal. Penal Code 261); statutory rape (Cal. Penal Code 261.5);
9 prostitution offenses related to pimping (Cal. Penal Code 266 and applicable subsections); pandering
10 (Cal. Penal Code 266i); sex crimes for which registration is required under the Sex Offender
11 Registration Act (Cal Penal Code 290); keeping or residing in house of ill fame (Cal. Penal Code 315);
12 keeping disorderly house (Cal. Penal Code 316); supervision of a prostitute (Cal. Penal Code 652.23);
13 human trafficking (Cal. Penal Code 236.1); convictions in any other state of any offense which, if
14 committed or attempted in this state, would have been punishable as one or more of the referenced
15 offenses of this subdivision; and, conspiracy or attempt to commit any such offense described in the
16 subsections above; or,
17 (5) A massage establishment permit at the same location was revoked within the prior
18 24 months.
19 (f) If an application for a massage practitioner permit is denied, within 30 days of the date of
20 receipt of the notice of denial, the applicant may appeal the decision by notifying the Director in
21 writing. The notice shall set forth in detail the ground or grounds for the appeal. Within 30 days of
22 receipt of the notice of appeal, the Director shall conduct a hearing to consider the appeal. At least 10
23 days prior to the hearing, the Director shall notify the applicant of the time and place of the hearing.
24 The Director shall oversee the hearing, provide the applicant an opportunity to speak at the hearing,
25 and issue a ruling within 30 days of its conclusion. The Director's ruling shall be final.

1 **SEC. 29.2742. OPERATING REQUIREMENTS FOR ALL MESSAGE FACILITIES.**

2 **ESTABLISHMENTS.**

3 All proposed massage facilities. ~~All massage establishments~~ must comply with the following
4 ~~reasonable health and safety~~ requirements:

5 (a) Toilet Rooms and Other Rooms. Toilet rooms shall be provided for ~~patrons~~ clients in
6 convenient locations.

7 (1) Construction of rooms used for toilets, as well as rooms used for; tubs,
8 steam baths, and showers shall be made waterproof with hard nonabsorbent materials ~~which~~
9 that are easily cleaned and shall be installed in accordance with the San Francisco Building
10 Code.

11 (2) Plumbing fixtures in toilet rooms as well as rooms used for; tubs, steam
12 baths, and showers shall be installed in accordance with the San Francisco Plumbing Code.

13 (3) Urinals may be substituted for toilets after one toilet has been provided.

14 (4) Doors to toilet rooms shall open inward and be self-closing.

15 (5) Toilet rooms shall be designated as to the gender accommodated therein.

16 (b) Handwashing Facilities. Handwashing facilities shall be provided within or adjacent
17 to the toilet rooms and shall be equipped with an adequate supply of hot and cold running
18 water under pressure.

19 (1) ~~Lavatories or wash basins~~ Handwashing facilities must ~~have~~ provide soap in a
20 dispenser and sanitary towels.

21 (2) Handwashing facilities shall be readily accessible to ~~the~~ massage
22 practitioner~~s~~.

23 (c) Light and Ventilation. All portions of the ~~massage e~~ Establishment shall be provided
24 with adequate light ~~and ventilation~~ by means of windows, or skylights, or ~~with an area of not less~~
25 ~~than of the total floor area, or shall be provided~~ with an approved artificial light. Adequate

1 ventilation shall be provided by means of windows or ~~and~~ a mechanical operating ventilating
2 system.

3 (1) Toilet, dressing, and massage rooms shall be provided with at least 108 lux
4 (10 foot candles) of light.

5 (2) All electrical equipment shall be installed in accordance with the
6 requirements of the San Francisco Electrical Code.

7 ~~(d) A room, enclosure, or designated area shall be provided where patrons can change and~~
8 ~~store their clothes.~~

9 ~~(e) A room, enclosure, or designated area, which is separate from the toilet, massage room(s),~~
10 ~~steam room, or other common areas shared by the patrons shall be made available for each employee.~~

11 ~~(f) Every portion of a massage establishment, including appliances and apparatus, shall be~~
12 ~~kept clean and operated in a sanitary condition.~~

13 ~~—— (1) Adequate and suitable space shall be provided for storage of clean linens,~~
14 ~~including, but not limited to, sheets, towels, apparel.~~

15 ~~—— (2) Every massage establishment shall provide clean laundered sheets and towels and~~
16 ~~shall launder them after each use and store them in a sanitary manner.~~

17 ~~—— (3) No towels or sheets shall be laundered or dried in any massage establishment~~
18 ~~unless such massage establishment is provided with laundry facilities for such laundering and drying.~~

19 ~~—— (4) The massage establishment shall provide smooth, cleanable appropriately labeled~~
20 ~~receptacles for the storage of soiled linens and paper towels.~~

21 ~~—— (5) The massage establishment shall appropriately bag and dispose of soiled refuse.~~

22 ~~—— (6) Every massage establishment shall thoroughly clean its wet and dry heat rooms,~~
23 ~~shower compartments, and toilet rooms each business day.~~

24 ~~—— (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.~~

1 ~~(g) Any room in which a massage establishment provides massage services shall not be used~~
2 ~~for residential or sleeping purposes; provided, however, that the Director may allow such room to be~~
3 ~~used for residential or sleeping purposes if the Director finds that the health and safety of the patrons~~
4 ~~of the massage establishment will not be jeopardized.~~

5 ~~(h) Massage practitioners shall not engage in lewd or lascivious acts on the premises of a~~
6 ~~massage establishment during business hours, including but not limited to: the performance of acts, or~~
7 ~~simulated acts, of sexual intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or~~
8 ~~vaginal), flagellation; the actual or simulated caressing or fondling by one adult human being of the~~
9 ~~anus or genitals of another adult human being; the actual or simulated displaying of the pubic hair,~~
10 ~~anus, vagina, penis, vulva, buttocks, areola, or any other external genitalia of the human body.~~

11 ~~(i) Massage practitioners shall be fully clothed in clean, non-transparent clothing at all times~~
12 ~~that shall not expose their genitals, pubic area, buttocks or chest, nor shall the operator of a massage~~
13 ~~business allow or permit any person providing services at the massage establishment to dress in non-~~
14 ~~conforming clothing~~

15 ~~(j) Massage Establishment interior and exterior doors shall remain unlocked during business~~
16 ~~hours except in establishments where all practitioners are certified by the CAMTC, when there is no~~
17 ~~staff available to ensure security for clients and massage staff who are behind closed doors.~~

18 ~~(k) No alcoholic beverages or drugs may be sold, served, used, or possessed on the premises of~~
19 ~~any massage establishment during business hours. "Alcoholic beverage" includes a mixture of one or~~
20 ~~more alcoholic beverages ingested separately or as a mixture as defined in Section 23004 of the~~
21 ~~California Business and Professions Code. "Drug" shall include all narcotics, drugs, or controlled~~
22 ~~substances as defined in Chapter 2 (commencing with Section 11053) of Division 10 of the California~~
23 ~~Health and Safety Code.~~

24 ~~(l) Unless the massage establishment operator and all practitioners are CAMTC certified, the~~
25 ~~operator of the massage establishment must post a notice informing the public and victims of human~~

1 ~~trafficking of telephone hotline numbers to seek help or report unlawful activity in English, Spanish,~~
2 ~~Cantonese and Vietnamese, and other appropriate languages as determined by the Department in a~~
3 ~~conspicuous place near the public entrance of the massage establishment or in another conspicuous~~
4 ~~location in clear view of the public and employees where similar notices are customarily posted~~
5 ~~pursuant to Cal. Civil Code Section 52.6.~~

6 **SEC. 29.2813. REFERRAL OF PERMIT APPLICATION TO OTHER**
7 **DEPARTMENTS., FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

8 (a) Code Compliance. The Director, within 10 days of receiving an application for a
9 permit to operate a ~~m~~Massage ~~e~~Establishment or ~~solo~~ Sole ~~p~~Practitioner ~~m~~Massage
10 ~~e~~Establishment ~~permit where one or more practitioners are not certified as a massage practitioner or~~
11 ~~therapist by the CAMTC pursuant to the California Business and Professions Code,~~ shall refer the
12 application to the City Department of Building Inspection and the City Police, Fire, and
13 Planning Departments. Said departments shall inspect the ~~premises~~ facilities proposed to be
14 operated as a ~~m~~Massage ~~e~~Establishment or a ~~solo~~ Sole ~~p~~Practitioner ~~m~~Massage
15 ~~e~~Establishment and shall make written findings to the Director concerning compliance with
16 codes that they administer.

17 (b) Law Enforcement. The Director shall notify the Police Department of all approved
18 permit applications.

19 **SEC. 29.3014. ISSUANCE OF MESSAGE ESTABLISHMENT, SOLO PRACTITIONER**
20 **MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT, FOR PRACTITIONERS**
21 **NOT CERTIFIED BY THE CAMTC ESTABLISHMENT PERMIT.**

22 (a) ~~Within 14 days following a hearing, or, if no hearing is held, within~~ 60 business days,
23 following receipt of a completed application for ~~a massage~~ an ~~e~~Establishment ~~permit, or, for~~
24 ~~applications subject to referral under Section 29.28, within 30 days of receiving all written findings,~~
25 ~~whichever is later, solo practitioner massage establishment, or outcall message service permit where~~

1 ~~one or more practitioners are not certified as a massage practitioner or therapist by the CAMTC~~
2 ~~pursuant to the California Business and Professions Code;~~ the Director shall either issue the permit
3 or mail a written statement of his or her reasons for denial thereof to the applicant. If the
4 Director takes neither action, the permit shall be deemed issued.

5 (b) Hearing on Application. The Director may, in his or her discretion, hold a hearing on any
6 pending application for an Establishment permit. The Director shall give the applicant at least 10
7 days' written notice of the time and place of the hearing.

8 ~~(c) No massage eEstablishment, solo practitioner massage establishment, or outcall~~
9 ~~massage-service permit shall be issued if the Director finds:~~

10 (1) The applicant has provided materially false information, documents, or
11 testimony in support of the application or in any other matter before the Director; or

12 (2) The facilities operation as proposed by the applicant would not comply with
13 all applicable laws including, but not limited to, the facilities requirements set forth in Section
14 29.27, the City Building, Planning, Housing, and Fire Codes, or any rule or regulation related to
15 massage facilities adopted by the Director pursuant to this Article 29; or

16 (3) Within one year prior to the application, the applicant has had any license or
17 permit of any kind suspended or revoked by the Director; or

18 (4) Within five years immediately prior to the date of application, the applicant
19 has had any license, certificate, or permit related to the practice of ~~m~~Massage or operation of an
20 Establishment revoked; or

21 (5) The applicant ~~and any other individual who will be directly engaged in the~~
22 ~~management and operation of the massage establishment, solo practitioner massage establishment, or~~
23 ~~outcall massage-service~~ has been ~~e~~Convicted of, or is currently charged with, any of the following
24 offenses ~~or convicted of an offense outside the State of California that would have constituted any of~~
25 ~~the following offenses if committed within the State of California.~~

1 (A) Any felony involving the use of coercion, ~~or~~ force, ~~and~~ or violence
2 upon another person; or

3 (B) Any misdemeanor sexual battery; or

4 (C) Any offense involving sexual misconduct with children; or

5 (D) Pimping or pandering; or

6 (E) Any offense related to human trafficking; or

7 (FE) Any offense requiring registration pursuant to Section 290.499 of the
8 California Penal Code; or, for offenses committed outside California, any offense requiring
9 registration in California pursuant to Penal Code Section 290.005; or

10 (6) The Director revoked permission to operate a massage business at the same
11 location within the prior 12 months; or

12 (7) The Director concludes there is good cause to deny the permit in accordance with
13 Business and Tax Regulations Code Section 26; or

14 (8) The Director finds that the premises or the business will be or is being managed,
15 conducted, or maintained in such a manner as to endanger the health and safety of the employees or
16 clients, or to coerce any employee to engage in illegal conduct.

17 (de) Discretionary Exception for Criminal Convictions. The Director may issue a permit
18 otherwise authorized under this Section to any individual Owner ~~e~~Convicted of one of the
19 offenses listed in ~~S~~subsection (c)(5) ~~(b)(4)~~ of this Section if the Director finds that the offense
20 was not violent, the conviction occurred at least five years prior to the date of application, and
21 the applicant has not been convicted subsequently of any of the listed ~~one of those~~ offenses.

22 (d) The Director may refuse to issue any permit authorized under this Section in any case
23 where there is reasonable grounds to determine that the premises or the business will be or are being
24 managed, conducted, or maintained in such a manner as to endanger the health or safety of the
25 employees or patrons thereof or to coerce any employee to engage in any illegal conduct.

1 (e) Sole Practitioners. Notwithstanding the provisions of Section 29.45, the Director
2 may issue a ~~sole~~ Sole pPractitioner ~~m~~Massage eEstablishment permit authorizing more than
3 four ~~sole~~ Advanced mMassage pPractitioners or CAMTC Certified Practitioners to operate out of
4 the same ~~place of business~~ location if the Director finds good cause exists and the operation of
5 the eEstablishment will not have a negative impact on the neighborhood.

6 (f) Right to Director's Hearing. If an application for ~~a~~ an Establishment permit ~~authorized~~
7 ~~under this Section~~ is denied, and provided that the Director did not hold a hearing on the application
8 as provided in subsection (b) of this Section, the applicant may appeal the denial within 30 days ~~of the~~
9 ~~date~~ of receipt of the notice of denial, ~~the applicant may appeal the decision~~ by notifying the
10 Director in writing and explaining. ~~The notice shall set forth in detail~~ the ground or grounds for the
11 appeal. Within 30 days of receipt of the notice of appeal, the Director shall conduct a hearing
12 to consider the appeal. At least 10 days prior to the hearing, the Director shall notify the
13 applicant of the time and place of the hearing. The Director shall oversee the hearing, provide
14 the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days of ~~its~~ the
15 conclusion of the hearing. If the Director fails to rule within this time period, the permit denial shall
16 be deemed sustained. The Director's ruling shall be the final decision of the Department.

17 **SEC. 29.30. BUSINESS TAX AND ZONING INFORMATION.**

18 When issuing or renewing an Establishment permit, the Director and the Tax Collector shall
19 provide the permit holder with general information, including appropriate referrals to other City
20 departments, regarding (1) the need and procedure for registering a business with the Tax Collector,
21 and (2) possible zoning restrictions on the operation of a massage business.

22 **SEC. 29.31. ESTABLISHMENT ANNUAL LICENSE FEE.**

23 Every Establishment permit holder shall pay to the Tax Collector an annual license fee as set
24 forth in Section 29.41.

25 **SEC. 29.15. EMPLOYMENT OF MASSAGE PRACTITIONERS.**

1 It shall be the responsibility of every operator of a massage business or outcall massage
2 service, or the employer of any individual purporting to act as a massage practitioner, to ensure that
3 such individual is certified as a massage practitioner or therapist by the CAMTC pursuant to the
4 California Business and Professions Code or has obtained a permit pursuant to this Article.

5 ~~SEC. 29.16. REGISTER OF EMPLOYEES.~~

6 The operator of a massage establishment, solo practitioner massage establishment, or outcall
7 massage service must maintain a register of all individuals employed as massage practitioners and
8 their CAMTC certificate or Department permit numbers. Such register shall be available for inspection
9 by the Department of Public Health at all times during regular business hours.

10 ~~SEC. 29.17. EMPLOYMENT OF PERSONS UNDER THE AGE OF 18 PROHIBITED.~~

11 ~~It shall be unlawful for any permittee to employ any individual who is not at least 18 years of~~
12 ~~age.~~

13 ~~SEC. 29.18. DISPLAY OF PERMIT; HOURS OF OPERATION.~~

14 (a) Every permit to operate a massage establishment or solo practitioner massage
15 establishment shall be displayed in a conspicuous place within the establishment so that the permit may
16 be readily seen by individuals entering the premises. Every permit to operate an outcall massage
17 service must be made available for inspection by the Department of Public Health at all times while
18 providing massage services.

19 (b) No massage establishment, solo practitioner massage establishment, or outcall massage
20 service shall operate or provide massage services during the hours between 10:00 p.m. and 7:00 a.m.

21 **SEC. 29.32. ESTABLISHMENT OPERATING REQUIREMENTS.**

22 (a) Cleanliness and Hygiene. Every portion of the Establishment, including appliances and
23 apparatuses, shall be kept clean and operated in a sanitary condition.

24 (1) Adequate and suitable space shall be provided for storage of clean linens,
25 including, but not limited to, sheets, towels, and apparel.

1 (2) The Establishment shall provide clean laundered sheets and towels, launder them
2 after each use, and store them in a sanitary manner.

3 (3) No towels or sheets shall be laundered or dried in any Establishment unless the
4 Establishment has suitable laundry facilities.

5 (4) The Establishment shall provide smooth, cleanable, and appropriately labeled
6 receptacles for the storage of soiled linens and paper towels.

7 (5) The Establishment shall appropriately bag and dispose of soiled refuse.

8 (6) Every Establishment shall thoroughly clean its wet and dry heat rooms, shower
9 compartments, and toilet rooms each business day.

10 (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.

11 (b) Changing Area. A room, enclosure, or designated area shall be provided where clients
12 can change and store their clothes.

13 (c) Employee Area. A room, enclosure, or designated area that is separate from the toilet,
14 massage room(s), steam room, or other common areas shared by the clients shall be made available to
15 employees at all times.

16 (d) Employment of Minors Prohibited. It shall be unlawful for any Establishment to employ
17 any individual who is not at least 18 years of age.

18 (e) Register of Practitioners. Every Establishment that hires or contracts with individuals to
19 provide Massage services shall ensure at all times that each such individual holds a valid and current
20 Massage Practitioner permit or CAMTC certificate. The Establishment shall maintain a register of
21 practitioners that includes each practitioner's permit or CAMTC certificate number, which shall be
22 available for inspection by the Department of Public Health at all times.

23 (f) Practitioner Conduct. Establishments shall be responsible for the conduct of all individuals
24 providing Massage for Compensation on their business premises and shall ensure that such individuals
25 do not wear improper attire or engage in lewd conduct as set forth in Section 29.17.

1 (g) Doors to Remain Unlocked. Interior and exterior doors shall remain unlocked while the
2 Establishment is open. Exterior doors may remain locked if the Establishment is owned by one
3 individual with no more than one employee or independent contractor.

4 (h) No Alcohol or Illegal Drugs Permitted on Premises. No alcoholic beverages or drugs may
5 be sold, served, used, or possessed on the premises during business hours. "Alcoholic beverage"
6 includes a mixture of one or more alcoholic beverages ingested separately or as a mixture as defined in
7 Section 23004 of the California Business and Professions Code. "Drug" shall include all narcotics,
8 drugs, or controlled substances as defined in Chapter 2 (commencing with Section 11053) of Division
9 10 of the California Health and Safety Code.

10 (i) Human Trafficking Information Notices. Establishments must comply with the
11 requirements of California Civil Code Section 52.6. The required notices of human trafficking
12 information and telephone hotline numbers shall be posted in English, Spanish, Cantonese,
13 Vietnamese, and other appropriate languages as determined by the Department.

14 (j) Residential Use. No part of the Establishment premises shall be used as a sleeping room or
15 for any other residential purpose.

16 (k) Establishment Permit to be Displayed. Every permit to operate a Massage Establishment
17 or Sole Practitioner Massage Establishment shall be displayed in a conspicuous place within the
18 Establishment such that the permit may be readily seen by individuals entering the premises. Every
19 permit to operate an Outcall Massage Service must be made available for inspection by the Department
20 at all times while providing Massage services.

21 (l) Hours of Operation. No Establishment shall operate or provide Massage services during
22 the hours between 10:00 p.m. and 7:00 a.m.

23 **SEC. 29.33+9. INSPECTION.**

24 ~~(a)~~ Any member of the Department of Public Health may ~~make an inspection of any~~
25 ~~Establishment massage establishment or solo practitioner massage establishment in the City for the~~

1 ~~purpose of determining that to determine whether~~ the eEstablishment is ~~operating~~ in compliance
2 with the provisions of state law or this Article 29, or for the purpose of providing health and
3 safety information to employees of the eEstablishment. Whenever possible, inspectors shall be
4 accompanied by a health outreach worker who is fluent in the primary language(s) spoken by the
5 employees of the Establishment. The Director shall adopt regulations ~~under Section 29.25~~
6 governing the use of double doors or other structural devices that interfere with reasonable
7 inspections and do not have legitimate safety or security purposes. ~~(b)—~~Nothing in this
8 Section shall ~~be construed to~~ limit or restrict the lawful authority of a police officer ~~or other City~~
9 employee to enter premises licensed under this Article 29. ~~(1) pursuant to a search warrant signed~~
10 ~~by a magistrate and issued upon a showing of probable cause to believe that contraband is present or~~
11 ~~that a crime has been committed or attempted, (2) without a warrant in the case of an emergency or~~
12 ~~other exigent circumstances, or (3) as part of any other lawful entry in connection with a criminal~~
13 ~~investigation or enforcement action.~~

14 ~~SEC. 29.20. MESSAGE ESTABLISHMENT, SOLO PRACTITIONER MESSAGE~~
15 ~~ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE LICENSE FEE.~~

16 ~~(a) Every person holding a massage establishment, solo practitioner massage establishment,~~
17 ~~or outcall massage service permit shall pay to the Tax Collector an annual license fee, as set forth in~~
18 ~~Section 29.26; provided, however, that the annual license fee shall be \$10 for any person holding a~~
19 ~~massage establishment permit who is over 60 years old and does not employ others and whose gross~~
20 ~~receipts from the massage business operated under the authority of said permit for the previous year~~
21 ~~were less than \$1,000.~~

22 ~~(b) An advanced massage practitioner holding a solo practitioner massage establishment~~
23 ~~permit shall not be required to pay any additional annual license fee for an outcall massage service~~
24 ~~permit.~~

1 **SEC. 29.3421. SUSPENSION OR REVOCATION OF MESSAGE ESTABLISHMENT**
2 **PERMIT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE**
3 **SERVICE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

4 (a) Grounds for Suspension or Revocation. The Director may revoke or suspend any
5 Establishment permit, solo practitioner message establishment, or outcall message service permit
6 issued to message establishments where all of the practitioners are not certified as a message
7 practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code,
8 after a hearing, if the Director finds:

9 (1) Facts sufficient to support the denial of an Establishment permit on any ground set
10 forth in Section 29.29; The permittee has violated any of the provisions of this Article; or

11 (2) The permittee has refused to permit a lawful inspection of any duly authorized
12 City health inspector to inspect the its business premises or its the operations therein; or

13 (3) The permittee has engaged in any conduct in connection with the operation
14 of the business that violates the operating requirements set forth in Section 29.32, any rules or
15 regulations related to Establishment operations, or any state or local laws; or

16 (4) ~~in the case of a message establishment or outcall message service permit, a~~Any
17 employee or independent contractor of the permittee has engaged in ~~any~~ conduct that violates
18 any state or local laws at permittee's place of business, and the permittee had or, in the
19 exercise of due diligence, should have had ~~actual or constructive knowledge by due diligence~~ of the
20 illegal conduct ~~In the case of a solo practitioner message permit, the permittee no longer holds a~~
21 ~~current, valid advanced message practitioner permit issued by the Director;~~ or

22 (5) The Director determines by clear and convincing evidence that such business
23 is being managed, conducted, or maintained without regard for public health or the health of
24 clients patrons, customers, or employees, or without due regard ~~to for~~ proper sanitation and
25 hygiene; or

(6) The Director finds good cause to suspend or revoke the permit in accordance with set forth in Business and Tax Regulations Code Sections 24 and 26. The permittee has violated a rule or regulation adopted by the Director pursuant to Section 29.25.

(b) Hearing. An Establishment permit holder cited for a violation of any provision of Article 29 or the rules and regulations promulgated by the Director under Section 29.2 shall be scheduled to appear at a hearing held by the Director. Before any hearing is conducted under this Section, the Director shall provide the permittee at least 20~~10~~ days' written notice of the ~~The notice shall include the time, place, and grounds for the hearing.~~ If requested by permittee, the Director shall make available all documentary evidence against permittee within two business days of the request no later than 15 days prior to the hearing. At the hearing, the permittee shall be provided an opportunity to refute all evidence against him or her. The Director shall oversee the hearing and issue a ruling within 20~~30~~ days of the ~~its~~ conclusion of the hearing. If the Director fails to issue a ruling in this time period, no suspension or revocation shall be imposed. The Director's ruling shall be the final decision of the Department.

(c) Summary Suspension. The Director may suspend summarily any massage e~~Establishment, solo practitioner massage establishment, or outcall massage service~~ permit issued under this Article pending a noticed revocation or suspension ~~hearing on revocation or suspension~~ when, in the opinion of the Director, the public health or safety requires such summary suspension. Any affected permittee ~~The Director~~ shall provide written ~~be given~~ notice of such summary suspension to the permit holder by hand delivery or registered mail. ~~in writing delivered to said permittee in person or by registered letter.~~

SEC. 29.22. HEARINGS.

The Director may fix a time and place for a hearing on any application for a permit under this Article, which shall not be held more than 45 days after the receipt of the completed application, or, in

1 *the ease of a permit to operate a massage establishment or solo massage practitioner establishment,*
2 *more than 30 days after receiving the findings required under Section 29.13 of this Article.*

3 ~~SEC. 29.23. TRANSFER OF PERMIT.~~

4 ~~No permit issued under this Article shall be transferable.~~

5 ~~SEC. 29.24. BUSINESS TAX AND ZONING INFORMATION, RESOURCES FOR MASSAGE~~
6 ~~PRACTITIONERS.~~

7 ~~(a) Upon issuing or renewing any registration or permit issued under this Article, the Director~~
8 ~~and the Tax Collector shall also provide the permit holder with general information, including~~
9 ~~appropriate referrals to other City departments, regarding (1) the need and procedure for registering a~~
10 ~~business with the Tax Collector, and, (2) possible zoning restrictions on the operation of a massage~~
11 ~~practice.~~

12 ~~(b) The Director shall provide all persons receiving a massage practitioner permit with~~
13 ~~educational materials regarding their rights and informing them of available resources such as health~~
14 ~~services and victim assistance, as well as emergency numbers and hotlines to call for information and~~
15 ~~assistance.~~

16 ~~SEC. 29.25. RULES AND REGULATIONS; COMPLAINT LINE.~~

17 ~~(a) The Director, after a noticed public hearing, may adopt rules and regulations to carry out~~
18 ~~the provisions of this Article. Such rules and regulations shall take effect no sooner than 15 days after~~
19 ~~the public hearing. Violation of any such rule or regulation may be grounds for administrative action~~
20 ~~against the permittee, including suspension or revocation of the permit as provided in Sections 29.8~~
21 ~~and 29.21 or an administrative fine as provided in Section 29.27, but the Director shall whenever~~
22 ~~possible give the permittee a reasonable opportunity to cure the violation before seeking penalties.~~

23 ~~(b) The Director shall maintain a phone line for inquiries and complaints regarding massage~~
24 ~~businesses and practitioners.~~

FEES

SEC. 29.4026. MASSAGE PRACTITIONER FEES.

(a) Required Fees. The application fee for a Massage Practitioner permit shall be \$146. The annual license fee for a Massage Practitioner permit shall be \$123. The fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(b) Exemption. A Massage Practitioner providing massage services under the direction of a Non-profit Organization is exempt from annual license fees under this Article.

SEC. 29.41. ESTABLISHMENT FEES.

(a) Massage Establishments. The application fee for a ~~m~~Massage ~~e~~Establishment ~~permit,~~ as provided in Section 29.11, shall be \$681658. The annual license fee for a ~~m~~Massage ~~e~~Establishment, as provided in Section 29.20, shall be \$1,2141,173. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(b) Sole Practitioner Massage Establishments. The application fee for a ~~sole~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment ~~permit,~~ as provided in Section 29.11, shall be \$197480. The annual license fee for a ~~sole~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment, and for massage establishments where all practitioners are certified by the CAMTC, as provided in Section 29.20, shall be \$599579. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(c) Outcall Massage Services. The application fee for an ~~e~~Outcall ~~m~~Massage ~~s~~Service, as provided in Section 29.11, shall be \$351480. The annual license fee for an ~~e~~Outcall ~~m~~Massage ~~s~~Service, as provided in Section 29.20, shall be \$306579. The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

(d) Exceptions.

1 (1) A Non-profit Organization is exempt from application and annual license fees under
2 this Article 29.

3 (2) The annual license fee shall be \$10 for any Establishment permit holder who is over
4 60 years old, does not employ others, and whose gross receipts from the Establishment for the previous
5 year were less than \$1,000.

6 (3) An ~~a~~Advanced ~~m~~Massage ~~p~~Practitioner or CAMTC Certified Practitioner,
7 holding a ~~solo~~ Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment permit, shall not be required to pay
8 any additional ~~permit~~ application or annual license fee for an ~~o~~Outcall ~~m~~Massage ~~s~~Service
9 permit.

10 SEC. 29.42. ADJUSTMENT OF FEES.

11 ~~(e)~~ Beginning with fiscal year 2008-2009, fees set forth in this Article may be adjusted
12 each year; without further action by the Board of Supervisors, ~~asset forth in this Section.~~ Not
13 later than April 1, the Director shall report to the Controller the revenues generated by the fees
14 for the prior fiscal year and the prior fiscal year's costs of operation, as well as any other
15 information that the Controller determines appropriate to the performance of the duties set
16 forth in this Section. Not later than May 15, the Controller shall determine whether the current
17 fees have produced or are projected to produce revenues sufficient to support the costs of
18 providing the services for which the fees are assessed and that the fees will not produce
19 revenue which is significantly more than the costs of providing the services for which the fees
20 are assessed. The Controller shall, if necessary, adjust the fees upward or downward for the
21 upcoming fiscal year as appropriate to ensure that the program recovers the costs of
22 operation without producing revenue which is significantly more than such costs. The adjusted
23 rates shall become operative on July 1.

24
25 ENFORCEMENT AND PENALTIES

1 **SEC. 29.4527. VIOLATIONS AND ADMINISTRATIVE PENALTIES.**

2 (a) Any person who violates any provision of this Article 29 or any rule or regulation
3 adopted pursuant to Section 29.252 may, after being provided notice and an opportunity to be
4 heard, be subject to the following monetary and permit penalties ~~and/or permit penalties.~~

5 (1) Massage Business Establishment Operating Without an Establishment
6 ~~Permit from the San Francisco Department of Public Health.~~

7 (A) Administrative fine: Up to \$1,000 per day of operating without a
8 permit; and

9 (B) Permit penalty: Business location and Owner of massage business
10 ~~Revocation, and Massage Establishment location and permittee are ineligible for an Establishment~~
11 ~~new permit from the San Francisco Department of Public Health for 180 days.~~

12 (C) Repeat violations: Same penalties as (a)(1)(A) and (a)(1)(B).

13 ~~(2) Establishment Violating Conditions of California Business and Professions Code~~
14 ~~Sections 4600-4620 and all Implementing Regulations.~~

15 ~~(A) Administrative fine: Up to \$1,000 per day of operating without a permit;~~
16 ~~and~~

17 ~~(B) Permit penalty: Massage Establishment location and permittee are~~
18 ~~ineligible for a permit from the San Francisco Department of Public Health for 180 days.~~

19 ~~(C) Repeat violations: Same penalties as (a)(2)(A) and (a)(2)(B).~~

20 (23) Massage Establishment Employing Any Person Under 18 Years of Age
21 Underage Practitioner as Defined in Section 29.17.

22 (A) Administrative fine: None.

23 (B) Permit penalty: Mandatory 60-120 days suspension of ~~Massage~~
24 Establishment permit.

(C) Repeat violations: Revocation for second occurrence within 36 months of first occurrence; ~~and Massage Establishment location and~~ permittee ~~are~~ ineligible for a ~~new~~subsequent permit for 180 days.

(~~34~~) Solicitation Charges or Convictions, as Defined by California Penal Code Section 647(~~a~~) or (~~b~~) and/or San Francisco Police Code Section 225, for Anyone Working at ~~Massage Establishment~~.

(A) Administrative fine: \$5,000 to be paid by ~~Massage Establishment~~ permittee; and

(B) Permit penalty: Mandatory 60-120 days suspension of ~~Massage Establishment~~ permit.

(C) Repeat violations: Revocation; ~~Establishment~~ permittee ineligible for a ~~subsequent new Massage Establishment permit from the San Francisco Department of Public Health,~~ at any location.

(~~45~~) Trafficking Charges or Convictions, as Defined by California Penal Code Section 236.1, for Anyone Working at ~~Massage Establishment~~.

(A) Administrative fine: None.

(B) Permit penalty: Revocation; ~~Establishment and P~~permittee ineligible for a ~~subsequent new Massage Establishment permit,~~ at any location.

(C) Repeat violations: Same penalty as (a)(~~45~~)(B).

(~~56~~) Establishment Knowingly Employing ~~Unlicensed or Uncertified Individual Without Massage Practitioner Permit or CAMTC Certification To Administer Massage Practitioner or Therapist~~.

(A) Administrative fine: \$1,000 to be paid by ~~Massage Establishment~~ permittee.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 fine for ~~2nd~~second occurrence within a 24 month period; 30-60 days suspension or ~~permit~~-revocation; and up to \$5,000 fine for ~~3rd~~third occurrence within 24 months.

(67) Establishment Used for Residential Sleeping Purposes, ~~Without Authorization by the City and County of San Francisco Director of Public Health.~~

(A) Administrative fine: Up to \$1,000.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 fine ~~and for 2nd~~second occurrence within 24 months; 30-60 days suspension and up to \$5,000 fine for ~~3rd~~third occurrence within 24 months.

(78) Presence of Beds Instead of Massage Tables.

(A) Administrative fine: None.

(B) Permit penalty: ~~Notice of violation only~~ None.

(C) Repeat violations: Up to \$1,000 fine for ~~second~~2nd occurrence within 24 months; 15-30 day suspension and up to \$2,500 fine and for ~~3rd~~third occurrence within 24 months.

(89) ~~Massage Practitioner~~ Any Massage Service Provider Improperly Attired in Violation of Section 29.17(a) ~~Not Wearing Attire as Described in Section 29.12(i).~~

(A) Administrative fine: Up to \$250 per person to be paid by ~~Massage Establishment~~ permittee, ~~and~~.

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$500 fine per person to be paid by Establishment permittee for ~~2nd~~second and each subsequent occurrence; ~~and~~ 60-day suspension ~~for of~~ Massage p Practitioner permit and 60-day suspension per person ~~of~~ for ~~Massage~~-Establishment permit.

(910) Sanitation ~~Issues~~Violations; Pursuant to Section 29.12(f)32(a).

(A) Administrative fine: None.

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$250 fine and 60-~~days~~ suspension ~~of for~~
~~Massage~~ Establishment permit.

(1011) ~~Massage~~ Establishment Operating ~~Past~~ Between the Hours of 10:00 p.m.
and 7:00 a.m.

(A) Administrative fine: Up to \$1,000.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 ~~days~~ suspension and up to \$2,500 for ~~2nd~~
second occurrence within 24 months; 30-60 ~~days~~ suspension and up to \$5,000 fine for ~~3rd~~third
and each subsequent occurrence within 24 months.

(1112) Practicing Massage for Compensation Without a Massage Practitioner
Permit or CAMTC Certification.

(A) Administrative fine: \$250 fine.

~~(B) Permit penalty: None.~~

~~(C)~~ Repeat violations: \$500 fine for ~~2nd~~ second occurrence within 24
months; \$1,000 fine for ~~3rd~~third and each subsequent occurrence within 24 months and
individual Practitioner ineligible for Massage Practitioner San Francisco Department of Public Health
permit for 180 days.

(1213) Anyone Engaged In Lewd Conduct or Performing Sex Acts as Defined in
Section 29.12(h)17(b) on ~~Massage~~ Establishment Premises ~~During Business Hours~~.

(A) Administrative fine: \$1,000 to be paid by ~~Massage~~ Establishment
permittee, and

(B) Permit penalty: 60-day ~~permit~~ suspension of ~~Massage~~-Establishment permit.

(C) Repeat violations: ~~Permit~~ ~~Revocation of~~ Massage Practitioner permit ~~and both practitioner and Massage-Establishment permittee.~~ Permit holder permanently ineligible for subsequent Massage Practitioner or Establishment Permit.

~~(1344)~~ Failure to Post Notices as Required by Section 29. ~~12432(i).~~

(A) Administrative fine: Written warning for first violation, \$250 for second and each subsequent violation within 12 months.

(B) Permit Penalty: 30-day suspension of Establishment permit for third and subsequent violations within 24 months.

~~(1445)~~ All Other Violations of San Francisco Health Code Article 29; and Any Massage Program Rules and Regulations.

(A) Administrative fine: Up to \$1,000 fine, ~~and~~

(B) Permit penalty: Possible ~~S~~suspension or revocation.

(C) Repeat violations: Up to \$2,500 fine for the second violation in a 24-month period and possible permit suspension or revocation; up to \$5,000 for the third and subsequent violations in a 24-month period, and permit suspension or revocation.

(b) Notice to Property Owner. Written notice of each Establishment permit holder violation shall be provided to the owner(s) of the property upon which the ~~Massage~~ Establishment is located.

(c) Revenue from Fines. Administrative fines collected under this Section shall be used to support the Department of Public Health and its Health Code enforcement functions.

(d) No Bar to Prosecution. Nothing in this Section shall preclude the prosecution of anyone under Health Code Section 29. ~~2947~~, the laws of the State of California, or the laws of the United States of America.

1 **SEC. 29.~~46~~²⁸. COST RECOVERY.**

2 Any person who is assessed an administrative fine or whose permit is suspended or
3 revoked under this Article, regardless of whether any fine, suspension, or revocation is held in
4 abeyance by the Department, shall be liable to the City for its costs incurred in enforcing this
5 Article, including but not limited to the costs of inspection, investigation, administration, ~~hearing~~
6 ~~officer~~, administrative proceedings, court proceedings, monitoring, and attorneys' fees if, at the
7 conclusion of all proceedings, the fee or permit action is substantially sustained. Within ~~ten business~~
8 ~~days of the termination of the administrative hearing or other proceeding~~ 30 days of the final decision,
9 the Department ~~of Public Health~~ shall calculate ~~the amount of its~~ costs. The Director may reduce
10 the bill of costs for good cause.

11 **SEC. 29.~~47~~²⁹. VIOLATIONS AND CRIMINAL PENALTIES.**

12 (a) Criminal Violations. Any Establishment permit holder that violates the requirements of
13 Section 29.10, 29.15, 29.25, or subsections (d), (e), (j), (k), or (l) of Section 29.32. Any permittee, as
14 defined in Section 29.1, of a massage establishment or outcall massage service or any employer of a
15 massage practitioner who violates Health Code Section 29.2 which requires a permit to engage in the
16 practice of massage, Health Code Section 29.6 which requires presentation of an identification card to
17 any City health inspector, Health Code Section 29.10 which requires practitioners not certified by the
18 CAMTC pursuant to the California Business and Professions Code to obtain a permit to operate a
19 massage establishment, solo practitioner massage establishment, or outcall massage service, Health
20 Code Section 29.12(g) which prohibits the use of any room in which massage services are provided to
21 be used as a sleeping room, Health Code Section 29.15 which requires every permit holder or employer
22 to ensure that a massage practitioner, who is not certified by the CAMTC, has obtained a permit,
23 Health Code Section 29.16 which requires a register of practitioners to be available for inspection,
24 Health Code Section 29.17 which prohibits the employment of any individual under the age of 18,
25 Health Code Section 29.18, which requires display of a permit and prohibits operation between the

1 ~~hours of 10 p.m. and 7 a.m., or any rule or regulation adopted pursuant to Section 29.23~~, shall be
2 guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed \$1,000
3 or by imprisonment in the County Jail not to exceed six months, or by both. A person
4 convicted of violating any listed this Section shall be deemed guilty of a separate offense for
5 every day such violation shall continue.

6 (b) No Bar to Prosecution. Nothing in this Section 29.47 shall preclude the prosecution
7 of anyone under the laws of the State of California or of the United States of America.

8 **SEC. 29.~~48~~³⁰. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.**

9 The Director ~~of Public Health~~ shall work with the Chief of Police on issues of common
10 concern affecting the massage industry, such as protections against violence in massage
11 establishments, crimes against massage practitioners, forced labor, or trafficking.

12 ~~During the six-month period between adoption of this Article and its effective date, the Director~~
13 ~~of Public Health shall work with the Chief of Police to develop procedures to verify that permit~~
14 ~~applicants do not have prior criminal convictions that would disqualify the applicants from receiving a~~
15 ~~permit under this Article.~~

16 **SEC. 29.~~49~~³¹. UNDERTAKING FOR THE GENERAL WELFARE~~DISCLAIMER~~.**

17 In regulating massage establishments and massage services as provided in this
18 Article, the City is assuming an undertaking only to promote the general welfare. It is not
19 assuming, nor is it imposing on its officers and employees, an obligation for breach of which it
20 is liable in money damages to any person who claims that such breach proximately caused
21 injury.

22 **SEC. 29.~~50~~³². SEVERABILITY.**

23 If any of the provisions of this Article 29 or the application thereof to any person or
24 circumstance is held invalid, the remainder of this Article, including the application of such part
25 or provisions to persons or circumstances other than those to which it is held invalid, shall not

1 be affected thereby and shall continue in full force and effect. To this end, the provisions of
2 this Article are severable.

3 **SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.**

4 Nothing in this Article 29 shall be interpreted or applied so as to create any requirement,
5 power, or duty in conflict with any federal or state law.

6
7 Section 2. Effective Date. This ordinance shall become effective 30 days after
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
10 of Supervisors overrides the Mayor's veto of the ordinance.

11 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
15 additions, and Board amendment deletions in accordance with the "Note" that appears under
16 the official title of the ordinance.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20 By: _____
21 Sherri Sokeland Kaiser
22 Deputy City Attorney

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24
25

LEGISLATIVE DIGEST

[Planning Code - Massage Establishments]

Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Massage establishments are defined in the Health Code as "a fixed place of business where more than one person engages in or carries on, or permits to be engaged in or carried on, the practice of massage." "Massage," in turn, is defined in that Code as "any method of pressure on or friction against, or stroking, kneading, rubbing, tapping, pounding, vibrating, or stimulating of the external soft pads of the body..."

The Planning Code incorporates those definitions by reference, but distinguishes between two types of massage establishments. Those that are fully certified by the California Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., are treated as "Medical Services" and are generally permitted uses. Those that are not fully certified under the state's program, on the other hand, are treated as "Massage Establishments" and, with some exceptions, are required to obtain a Conditional Use permit ("CU") from the Planning Commission.

Amendments to Current Law

This Ordinance would put an end to the distinction in the Planning Code between different types of massage establishments, treating all such establishments in the same way. It would require a CU from the Planning Commission for all massage establishments, with some exceptions. These exceptions are the same exceptions that exist currently in the Code:

- Circumstances in which the massage use is accessory to a principal use; the massage use is accessed by the principal use, and the principal use is either: a) a dwelling unit; b) a tourist hotel that contains 100 or more rooms; c) a large institution; or d) a hospital or medical center.
- Circumstances where the only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

In both cases, the massage establishment would be a permitted use. In all other cases, the massage establishment would require a CU. The Ordinance preserves the additional criteria listed in Section 303(o), to guide the Planning Commission's consideration of a massage establishment's CU application.

Background Information

This Ordinance is a companion piece of legislation to another Ordinance amending the Health Code's regulation of massage establishments in the City. Those amendments are being introduced at the same time as this Ordinance – on December 16, 2014. Together, these two Ordinances seek to implement Assembly Bill No. 1147 ("A.B. 1147"), which was passed in September of 2014.

A.B. 1147 authorizes local governments to use their regulatory and land use authority to ensure the public's safety, reduce human trafficking, and enforce local standards for the operation of the business of massage therapy in the best interests of the affected community.

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[Planning Code - Massage Establishments]

Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:
Section 1. Findings.

(a) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this ordinance will serve the public necessity, convenience and welfare, for the reasons set forth in Planning Commission Resolution No. _____, and incorporates such reasons by this reference thereto. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No. _____.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

1 Section 2. The Planning Code is hereby amended by revising Sections 218.1, 303(o),
2 790.60, 890.60, 790.114, and 890.114 to read as follows:

3 **SEC. 218.1. MESSAGE ESTABLISHMENTS.**

4 (a) Definition. Message establishments are defined by Section 29.5 ~~1900~~ of the ~~San~~
5 ~~Francisco~~-Health Code. Any message establishment shall have first obtained a permit from the
6 Department of Public Health pursuant to Section 29.10 ~~1908~~ of the ~~San Francisco~~ Health Code,
7 or a letter from the Director of the Department of Public Health certifying that the establishment is
8 exempt from such a permit under Section 29.10(b).

9 (b) Controls. Message establishments shall ~~generally~~ be subject to Conditional Use
10 authorization. Certain exceptions to the Conditional Use for accessory use message are
11 described in subsection (c) below. When considering an application for a conditional use
12 permit pursuant to this subsection, the Planning Commission shall consider, in addition to the
13 criteria listed in Section 303(c), the additional criteria described in Section 303(o).

14 (c) Exceptions. Certain exceptions would allow a message use to be "permitted"
15 without a Conditional Use authorization including:

16 (1) Certain Accessory Use Message, provided that the message use is
17 accessory to a principal use and the message use is accessed by the principal use; and

18 (A) the principal use is a dwelling unit and the message use conforms to
19 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
20 or

21 (B) the principal use is a tourist hotel, as defined in Section 790.46 of
22 this Code, that contains 100 or more rooms; or

23 (C) the principal use is a large institution as defined in Section 790.50 of
24 this Code; or

(D) the principal use is a hospital or medical center, as defined in Section 790.44 of this Code.

(2) Chair Massage. The only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

~~(3) California State Certification. A State-certified massage establishment, as defined by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San Francisco Health Code.~~

(d) Enforcement. Any massage establishment or exempted massage use found to be operating, conducted or maintained contrary to the provisions of this Code or the provisions of Health Code Article 29 shall be found to be operating in violation of the Code and will be subject to enforcement as provided in Section 176. No application or building permit to establish a massage establishment or exempted massage use will be accepted within one year after the subject property ~~if is~~ found operating in violation of the provisions of this Code. No new Massage Establishments shall be approved for one year at any sites that have been closed for violations of this Code, the Health Code, or any other law.

C-1	C-2	C-3-O	C-3-R	C-3-G	C-3-S	C-M	M-1	M-2	PDR-1	PDR-2	
											SEC. 218.1. MESSAGE ESTABLISHMENTS.

P	P	P	P	P	P	P	P	P	P	P	Certain Accessory Massage as defined above in 218.1(c)(1).
P	P	P	P	P	P	P	P	P	P	P	Chair Massage as defined above in 218.1(c)(2).
C	C	C	C	C	C	C	C	C	C	C	All other massage. <i>If the massage use does not meet the definition of California State Certification per 218.1(c)(3) or the requirements of 218.1(c)(1) or 218.1(c)(2), above, then the massage use shall obtain a conditional use permit from the Planning Commission, pursuant to Section 303(c), and the additional criteria described in Sections 303(a) and 218.1(b) of this Code.</i>

SEC. 303. CONDITIONAL USES.

* * * *

(o) Massage Establishments.

(1) With respect to Massage Establishments that are subject to Conditional Use authorization, as defined in Sections 218.1, 790.60, and 890.60 of this Code, in addition to the criteria set forth in Subsection (c) above, the Commission shall make the following findings:

(A) Whether the applicant has obtained, and maintains in good standing, a permit for a Massage Establishment from the Department of Public Health pursuant to Section 29.104908 of the *San Francisco* Health Code;

(B) Whether the use's facade is transparent and open to the public. Permanent transparency and openness are preferable. Elements that lend openness and transparency to a facade include:

1 (i) active street frontage of at least 25' in length where 75% of
2 that length is devoted to entrances to commercially used space or windows at the pedestrian
3 eye-level;

4 (ii) windows that use clear, untinted glass, except for decorative
5 or architectural accent;

6 (iii) any decorative railings or decorative grille work, other than
7 wire mesh, which is placed in front of or behind such windows, should be at least 75 percent
8 open to perpendicular view and no more than six feet in height above grade;

9 (C) Whether the use includes pedestrian-oriented lighting. Well lit
10 establishments where lighting is installed and maintained along all public rights-of-way
11 adjacent to the building with the massage use during the post-sunset hours of the massage
12 use are encouraged:

13 (D) Whether the use is reasonably oriented to facilitate public access.
14 Barriers that make entrance to the use more difficult than to an average service-provider in
15 the area are to be strongly discouraged. These include (but are not limited to) foyers equipped
16 with double doors that can be opened only from the inside and security cameras.

17 **SEC. 790.60. MESSAGE ESTABLISHMENT.**

18 (a) Definition. Massage establishments are defined by Section 29.5 1900 of the ~~San~~
19 ~~Francisco~~ Health Code. Any massage establishment shall have first obtained a permit from the
20 Department of Public Health pursuant to Section 29.10 1908 of the ~~San Francisco~~ Health Code,
21 or a letter from the Director of the Department of Public Health certifying that the establishment is
22 exempt from such a permit under Section 29.10(b).

23 (b) Controls. Massage establishments shall generally be subject to Conditional Use
24 authorization. Certain exceptions to the Conditional Use requirement for accessory use
25 massage are described in subsection (c) below. When considering an application for a

1 conditional use permit pursuant to this subsection, the Planning Commission shall consider, in
2 addition to the criteria listed in Section 303(c), the additional criteria described in Section
3 303(o).

4 (c) Exceptions. Certain exceptions would allow a massage use to be "permitted"
5 without a Conditional Use authorization including:

6 (1) Certain Accessory Use Massage, provided that the massage use is
7 accessory to a principal use; the massage use is accessed by the principal use; and

8 (A) the principal use is a dwelling unit and the massage use conforms to
9 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
10 or

11 (B) the principal use is a tourist hotel as defined in Section 790.46 of this
12 Code, that contains 100 or more rooms;; or

13 (C) the principal use is a large institution as defined in Section 790.50 of
14 this Code,; or

15 (D) the principal use is a hospital or medical center, as defined in
16 Section 790.44 of this Code.

17 (2) Chair Massage. The only massage service provided is chair massage, such
18 service is visible to the public, and customers are fully-clothed at all times.

19 ~~(3) California State Certification. A State-certified massage establishment, as defined~~
20 ~~by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in~~
21 ~~California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is~~
22 ~~certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that~~
23 ~~employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the~~
24 ~~California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical~~
25 ~~Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has~~

1 *first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San*
2 *Francisco Health Code.*

3 (d) Enforcement. Any massage establishment or exempted massage use found to be
4 operating, conducted or maintained contrary to the provisions of this Code or the Health Code
5 shall be found to be operating in violation of this Code and will be subject to enforcement as
6 provided in Section 176. No application or building permit to establish a massage
7 establishment or exempted massage use will be accepted within one year after the subject
8 property ~~if is~~ found operating in violation of the provisions of this Code. No new Massage
9 Establishments shall be approved for one year at any sites that have been closed for violations of this
10 Code, the Health Code, or any other law.

11 **SEC. 890.60. MESSAGE ESTABLISHMENT.**

12 (a) Definition. Massage establishments are defined by Section 29.5 +900 of the *San*
13 *Francisco* Health Code. Any massage establishment shall have first obtained a permit from the
14 Department of Public Health pursuant to Section 29.10 +908 of the *San Francisco* Health Code,
15 or a letter from the Director of the Department of Public Health certifying that the establishment is
16 exempt from such a permit under Section 29.10(b).

17 (b) Controls. Massage establishments shall ~~generally~~ be subject to Conditional Use
18 authorization. Certain exceptions to the Conditional Use for accessory use massage are
19 described in subsection (c) below. When considering an application for a conditional use
20 permit pursuant to this subsection, the Planning Commission shall consider, in addition to the
21 criteria listed in Section 303(c), the additional criteria described in Section 303(o).

22 (c) Exceptions. Certain exceptions would allow a massage use to be "permitted"
23 without a Conditional Use authorization including:

24 (1) Certain Accessory Use Massage and provided that the massage use is
25 accessory to a principal use; the massage use is accessed by the principal use; and

1 (A) the principal use is a dwelling unit and the massage use conforms to
2 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
3 or

4 (B) the principal use is a tourist hotel as defined in Section 790.46 of this
5 Code, that contains 100 or more rooms,; or

6 (C) the principal use is a large institution as defined in Section 790.50 of
7 this Code; or

8 (D) the principal use is a hospital or medical center, as defined in
9 Section 790.44 of this Code.

10 (2) Chair Massage. The only massage service provided is chair massage, such
11 service is visible to the public, and customers are fully-clothed at all times.

12 ~~(3) California State Certification. A State certified massage establishment, as defined~~
13 ~~by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in~~
14 ~~California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is~~
15 ~~certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that~~
16 ~~employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the~~
17 ~~California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical~~
18 ~~Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has~~
19 ~~first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San~~
20 ~~Francisco Health Code.~~

21 (d) Enforcement. Any massage establishment or exempted massage use found to be
22 operating, conducted or maintained contrary to the provisions of this Code or the Health Code
23 shall be found to be operating in violation of ~~the~~ this Code and will be subject to enforcement
24 as provided in Section 176. No application or building permit to establish a massage
25 establishment or exempted massage use will be accepted within one year after the subject

property ~~if is~~ found operating in violation of the provisions of this Code. No new Massage Establishments shall be approved for one year at any sites that have been closed for violations of this Code, the Health Code, or any other law.

SEC. 790.114. SERVICE, MEDICAL.

A retail use which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric or other health services, and not part of a hospital or medical center, as defined in Section 790.44 of this Code. ~~It also includes a massage establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., and one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq.~~

SEC. 890.114. SERVICE, MEDICAL.

A use, generally an office use, which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric or other health services, and not part of a hospital or medical center, as defined in Section 890.44 of this Code. ~~It also includes a massage establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600~~

~~et seq., and one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq.~~

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
ANDREA RUIZ-ESQUIDE
Deputy City Attorney

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SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution 19344

HEARING DATE MARCH 26, 2015

Project Name: Massage Establishments
Case Number: 2015-000709PCA [Board File No. 141303]
Initiated by: Supervisor Tang / Introduced December 16, 2014
Staff Contact: Diego R Sánchez, Legislative Affairs
diego.sanchez@sfgov.org, 415-575-9082
Reviewed by: Aaron Starr, Manager Legislative Affairs
aaron.starr@sfgov.org, 415-558-6362

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception
415.558.6378

Fax
415.558.6409

Planning
Information:
415.558.6377

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT A PROPOSED ORDINANCE THAT WOULD AMEND PLANNING CODE SECTIONS 218.1, 790.60, 790.114, 890.60 AND 890.114 TO REQUIRE THAT MESSAGE ESTABLISHMENTS, AS DEFINED, OBTAIN CONDITIONAL USE AUTHORIZATION, LISTING EXCEPTIONS TO THAT REQUIREMENTS; TO REQUIRE ALL NEW AND EXISTING MESSAGE ESTABLISHMENTS TO SECURE A PUBLICALLY NOTICED PERMIT THROUGH THE DEPARTMENT OF PUBLIC HEALTH; TO REQUIRE A THREE YEAR REVIEW OF MESSAGE ESTABLISHMENTS FOR LAWFUL OPERATION AND COMPLIANCE WITH CONDITIONS OF APPROVAL; TO PROHIBIT THE RE-ESTABLISHMENT OF A MESSAGE ESTABLISHMENT IN THE SAME LOCATION THAT WAS CLOSED DUE TO PLANNING, HEALTH OR OTHER CODE VIOLATIONS FOR THREE YEARS; TO ALLOW EXISTING MESSAGE ESTABLISHMENTS TO CONTINUE IN OPERATION WHILE THEY SECURE LAND USE APPROVALS; TO EXEMPT SOLE PRACTITIONER MESSAGE ESTABLISHMENTS FROM THE CONDITIONAL USE AUTHORIZATION REQUIREMENT; TO RECONCILE THE PROPOSED ORDINANCE WITH RECENT CHANGES TO ARTICLE 2; TO ADD A FINDING TO EXPLORE AN EXPEDITED CONDITIONAL USE AUTHORIZATION PROCESS FOR SMALL BUSINESSES; AND ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on December 16, 2014, Supervisors Tang introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 141303, which would amend Planning Code Sections 218.1, 790.60, 790.114, 890.60 and 890.114 to require that message establishments, as defined, obtain Conditional Use authorization and listing exceptions to that requirement; to require all new and existing message establishments to secure a publically noticed permit through the Department of Public Health; to require a three year review of message establishments for lawful operation and compliance with conditions of approval; to prohibit the re-establishment of a message establishment in the same location that was closed due to Planning, Health or other Code violation for three years; to allow existing message establishments to continue in operation while they secure land use approvals; to exempt sole practitioner message establishments from the Conditional Use Authorization requirement; to reconcile the proposed

Ordinance with recent changes to Article 2; to add a finding to explore an expedited Conditional Use Authorization process for small businesses; and

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on March 26, 2015; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Sections 15060(c)(2) and 15378; and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors **approve, with modification**, the proposed ordinance.

The Commission recommended modifications are:

1. Require all new and existing Massage Establishments to secure a permit through the Department of Public Health (DPH). The permitting process should be publically noticed, if possible.
2. Require a three year review of Massage Establishments for lawful operation and compliance with conditions of approval.
3. Prohibit the re-establishment of a Massage Establishment in the same location that was closed due to Planning, Health or other Code violations for three years.
4. Allow existing Massage Establishments to continue in operation while they secure land use approvals.
5. Exempt Sole Practitioner Massage Establishments from the Conditional Use Authorization requirement.
6. Reconcile the proposed Ordinance with recent changes to Article 2.
7. Add a finding to explore an expedited Conditional Use Authorization process for small businesses.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. Since 2008 California State law effectively preempted local jurisdictions from utilizing land use and zoning controls to regulate the location and concentration of massage establishments.
2. As a result of the absence of local regulation on massage establishment location, San Francisco experienced a significant increase in the number of massage establishments in specific neighborhoods.
3. Overconcentration of any one use in a neighborhood can have potentially negative effects upon the neighborhood's well-being and allure.
4. California State law adopted in 2014 now allows local jurisdictions to exercise land use and zoning controls in their regulation of massage establishments.
5. The Conditional Use authorization requirement will provide the City with an effective means to regulate the location and operation of massage establishments. This will also help address concerns around neighborhood vitality and economic diversity.
6. It is also recognized that, given the length of time required to secure Conditional Use authorization, an expedited Conditional Use authorization process for small businesses should be explored.
7. **General Plan Compliance.** The proposed amendments to the Planning Code are not addressed in the General Plan; the Commission finds that the proposed Ordinance is not inconsistent with the Objectives and Policies of the General Plan.

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 1

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

Policy 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

Policy 1.2

Assure that all commercial and industrial uses meet minimum, reasonable performance standards.

The Conditional Use authorization requirement for new massage establishments will help encourage those operators who will provide to the community a valuable, therapeutic service. The conditions of approval

that accompany a Conditional Use authorization will assure that new massage establishments will meet minimum and reasonable performance standards.

OBJECTIVE 2

MAINTAIN AND ENHANCE A SOUND AND DIVERSE ECONOMIC BASE AND FISCAL STRUCTURE FOR THE CITY.

Policy 2.3

Maintain a favorable social and cultural climate in the city in order to enhance its attractiveness as a firm location.

Having a robust, safe and legitimately operating massage therapy sector contributes to a favorable social and cultural climate in the City. This enhances the City's attractiveness as a firm location. The Conditional Use authorization requirement will assist in maintaining the massage therapy in this state.

OBJECTIVE 6

MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

Policy 6.1

Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

The Conditional Use authorization process will facilitate community serving massage therapy establishments to locate in the City's neighborhood commercial districts while filtering out those establishments that provide no benefits to the community.

8. **Planning Code Section 101 Findings.** The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:
 1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

The proposed Ordinance would not have a negative effect on existing neighborhood serving retail uses because the Ordinance will require Conditional Use authorization on new retail uses.
 2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would help conserve and protect existing neighborhood character and preserve the economic diversity of San Francisco's neighborhoods by providing the Planning Commission an opportunity to consider the concentration of massage uses within the City's neighborhoods.
 3. That the City's supply of affordable housing be preserved and enhanced;

The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing because the Ordinance concerns itself with the regulation of a retail use.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking because the Ordinance concerns itself with the regulation of a retail use.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development because the Ordinance is concerned with the regulation of a retail use. The proposed Ordinance does not have an effect on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The proposed Ordinance would not have an effect on City's preparedness against injury and loss of life in an earthquake as the Ordinance is concerned with the regulation of a retail use.

7. That the landmarks and historic buildings be preserved;

The proposed Ordinance would not have an effect on the City's Landmarks and historic buildings as the Ordinance is concerned with the regulation of a retail use.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The proposed Ordinance would not have an effect on the City's parks and open space and their access to sunlight and vistas as the Ordinance is concerned with the regulation of a retail use.

8. **Planning Code Section 302 Findings.** The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby recommends that the Board ADOPT the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on March 26, 2015.

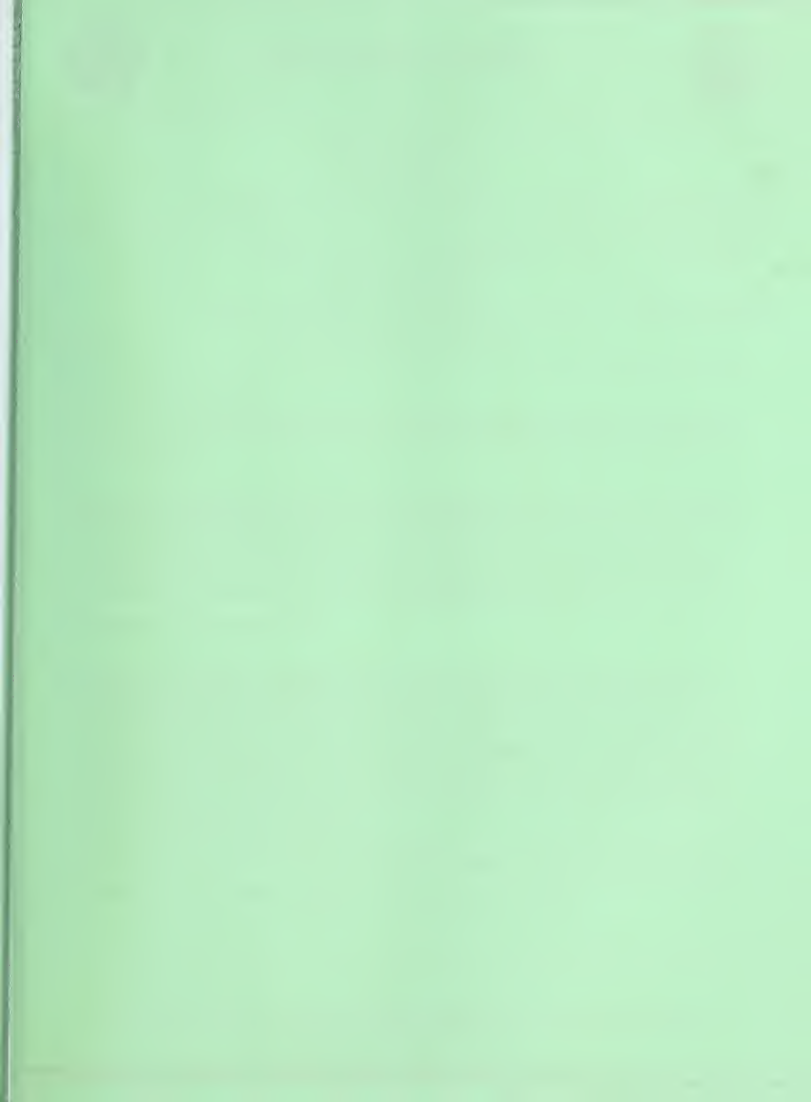
Jonas P. Ionin
Commission Secretary

AYES: Commissioners Antonini, Fong, Hillis, Johnson, Moore, Richards and Wu

NOES:

ABSENT:

ADOPTED: March 26, 2015





SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, April 27, 2014 2015
2:00 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

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SMALL BUSINESS COMMISSIONERS

APR 24 2015

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

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#1
[4/27/15]
1. Call to order and roll call.
 2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)
 3. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141303 [Planning Code – Massage Establishments]** Ordinance amending the Planning Code to require that massage establishments, as defined, obtain a Conditional Use permit; listing exceptions to that requirement; and making findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1. (Discussion and Possible Item)

Presentation by: Supervisor Katy Tang

4. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on 150017- [Planning Code - Castro Street Neighborhood Commercial District, 24th Street-Noe Valley Neighborhood Commercial District, and Upper Market Street Neighborhood Commercial Transit District]** Ordinance amending the Planning Code to require that certain uses obtain conditional use authorization in the Castro Street Neighborhood Commercial District, the 24 Street-Noe Valley Neighborhood Commercial District, and the Upper Market Neighborhood Transit District; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1. (Discussion and Possible Action Item)

Explanatory Documents: [BOS File No. 150017 Legislative Digest](#); [BOS File No. 150017 Legislation](#)

Presentation by: Andres Powers, Legislative Aide to Supervisor Scott Wiener

5. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150268 [Administrative, Health Codes - Restaurant Week]** Ordinance amending the Administrative Code to establish the last ten days of January each year as Restaurant Week; and amending the Health Code to eliminate the Department of Public Health's Restaurant Appreciation Month. (Discussion and Possible Action Item)

Explanatory Documents: BOS File No. 150268 Legislation

6. **Presentation on Bay Bucks** a programs that creates a functioning regional currency that helps local businesses thrive while promoting collaboration and building community wealth. (Discussion Item)

Presentation by: Chong Kee Tan, Bay Bucks

7. **Update and discussion for the development and implementation of the Legacy Business Program.** (Discussion and Possible Action Item)

Explanatory Documents: BOS File No. 141038 Legislative Digest:

8. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
9. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
10. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
11. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
12. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
13. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact the Sunshine Ordinance Task Force:

City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

CELL PHONE AND/OR SOUND-PRODUCING ELECTRONIC DEVICE USAGE AT HEARINGS

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

DISABILITY ACCESS POLICY

Commission hearings are held in Room 400 at City Hall, 1 Dr. Carlton B. Goodlett Place in San Francisco (unless otherwise noted). City Hall is accessible to persons using wheelchairs and other assistive mobility devices. Ramps are available at the Grove, Van Ness and McAllister entrances. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call 311. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street).

Assistive listening devices, real time captioning, American Sign Language interpreters, readers, large print agendas or other accommodations are available upon request. Please make your requests for accommodations to the Office of Small Business, (415) 554-6134, or email: sbac@sfgov.org. Requesting accommodations at least 72 hours prior to the meeting will help to ensure availability.

LANGUAGE ACCESS

Per the Language Access Ordinance (Chapter 91 of the San Francisco Administrative Code), Chinese, Spanish and/or Filipino (Tagalog) interpreters will be available upon requests. Meeting Minutes may be translated, if requested, after they have been adopted by the Commission. Assistance in additional languages may be honored whenever possible. To request assistance with these services please contact the Office of Small Business at 415-554-6134, or email: sbac@sfgov.org at least 48 hours in advance of the hearing. Late requests will be honored if possible.

LOBBYIST ORDINANCE

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100, FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics>.

CHEMICAL SENSITIVITY

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

SMALL BUSINESS COMMISSION / 1 DR. CARLTON B. GOODLETT PLACE, ROOM 110, SAN FRANCISCO, CA 94102
415.554.6134 SBAC@sfgov.org

REVISED LEGISLATIVE DIGEST

(3/24/2015, Substituted)

[Planning Code - Castro Street Neighborhood Commercial District, 24th Street - Noe Valley Neighborhood Commercial District, Upper Market Street Neighborhood Commercial Transit District, and Parcels Zoned Neighborhood Commercial Transit on Market Street]

Ordinance amending the Planning Code to require that certain uses obtain Conditional Use authorization in the Castro Street Neighborhood Commercial District, the 24th Street - Noe Valley Neighborhood Commercial District, the Upper Market Neighborhood Transit District, and the Moderate-Scale Neighborhood Commercial Transit (NCT-3) District for parcels on Market Street west of Octavia Boulevard; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Article 7 of the Planning Code establishes various Neighborhood Commercial Districts (NCDs) and Neighborhood Commercial Transit Districts (NCTs). These Districts have Zoning Control Tables that specify the applicable controls for various uses in the District.

Section 715.1 establishes the Castro Street NCD in Eureka Valley between the Mission District, Twin Peaks, and Upper Market Street. The controls in this District are designed to "maintain existing small-scale development and promote a balanced mix of uses." They currently permit a Business or Professional Service use (defined in Section 790.108 as a "retail use which provides to the general public, general business or professional services") on the first or second story and require a conditional use on or above the third story.

Section 728.1 establishes the 24th Street - Noe Valley NCD along 24th Street between Chattanooga and Diamond. The controls in this District are designed to "allow for development that is compatible with the existing small-scale, mixed-use neighborhood and surrounding residential area." They currently permit a Business or Professional Service use on the first story and require a conditional use on the second story; it is not permitted on the third story and above. A Medical Service (defined in Section 790.114 as "a retail use which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other [State-licensed] health-care professionals") is permitted on the first story and requires a conditional use on the second story; it is not permitted on or above the third story.

Section 731.1 establishes the Moderate-Scale NCT Districts. These Districts are transit-oriented moderate to high-density mixed-use neighborhoods of varying scale concentrated near transit services and are intended in most cases to offer a wide variety of comparison and specialty goods and services to a population greater than the immediate neighborhood. A diversified commercial environment is encouraged and a wide variety of uses are permitted.

Section 733.1 establishes the Upper Market NCT on Market Street from Church to Noe Streets and on side streets off Market. The controls in this District are designed to "promote moderate-scale development which contributes to the definition of Market Street's design and character" and are intended to "preserve the existing mix of commercial uses and maintain the livability of the district and its surrounding residential areas." They currently permit a Business or Professional Service use on the first or second story and require a conditional use on the third story or above. A Limited Financial Service (defined in Section 790.112 as a "retail use which provides banking services, when not occupying more than 15 feet of linear frontage or 200 square feet of gross floor area") is permitted on the first story and not permitted on or above the second story.

Amendments to Current Law

The Zoning Control Table for the Castro Street NCD, the 24th Street - Noe Valley NCD, and the Upper Market Street NCT are all amended to require a conditional use in order to establish a new Business or Professional use on the first story. The 24th Street - Noe Valley NCD controls are amended to allow this use to be permitted on the second story and requires a conditional use on the third story and above, consistent with the current controls for the Castro Street NCD and the Upper Market Street NCT.

The Zoning Control Table for the Upper Market Street NCT is amended to require a conditional use to establish a new Limited Financial Service on the first story; the prohibition of such use above the first story is retained. In the 24th Street - Noe Valley NCD, the Zoning Control Table is amended to require a conditional use to establish a new Medical Service on the first story, permits such use on the second story; the prohibition of such use on the third story and above is retained.

A special provision has been added to the Zoning Control Table for the NCT-3 District that would require a conditional use for a Limited Financial Service use and for a Business or Professional Service use on the first story for those parcels zoned NCT-3 that are on Market Street West of Octavia Boulevard.

Background Information

On July 16, 2013, the Board of Supervisors adopted Resolution No. 254-13 imposing interim controls in the Upper Market Street NCT to require a conditional use for any new Limited Financial Service and Business or Professional Service use; Resolution No. 5-15 extended the interim controls for an additional six-month period. The Board adopted Resolution No. 41-15 on February 10, 2015, imposing similar controls on parcels zoned NCT-3 on Market Street West of Octavia Boulevard. The proposed legislation will make both these interim controls permanent.

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[Planning Code - Castro Street Neighborhood Commercial District, 24th Street - Noe Valley Neighborhood Commercial District, Upper Market Street Neighborhood Commercial Transit District, and Parcels Zoned Neighborhood Commercial Transit on Market Street]

Ordinance amending the Planning Code to require that certain uses obtain Conditional Use authorization in the Castro Street Neighborhood Commercial District, the 24th Street - Noe Valley Neighborhood Commercial District, the Upper Market Neighborhood Transit District, and in the Moderate-Scale Neighborhood Commercial Transit (NCT-3) District for parcels on Market Street west of Octavia Boulevard; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the

City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this Planning Code amendment will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. _____ and the Board incorporates such reasons herein by reference. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference.

Section 2. The Planning Code is hereby amended by revising the Zoning Control Tables in Sections 715, 728, 731, and 733, to read as follows:

SEC. 715. CASTRO STREET NEIGHBORHOOD COMMERCIAL DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	Castro Street		
			Controls by Story		
		§ 790.118	1st	2nd	3rd+

Retail Sales and Services					

715.53	Business or Professional Service	§ 790.108	P C	P	C

**SEC. 728. 24TH STREET - NOE VALLEY NEIGHBORHOOD COMMERCIAL DISTRICT
ZONING CONTROL TABLE**

No.	Zoning Category	§ References	24th Street - Noe Valley		
			Controls by Story		
		§ 790.118	1st	2nd	3rd+

Retail Sales and Services					

728.51	Medical Service	§ 790.114	<u>P</u> <u>C</u>	<u>E</u> <u>P</u>	

728.53	Business or Professional Service	§ 790.108	<u>P</u> <u>C</u>	<u>E</u> <u>P</u>	<u>C</u>

**SEC. 731. MODERATE SCALE NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT
NCT-3 ZONING CONTROL TABLE**

No.	Zoning Category	§ References	NCT-3		
			Controls by Story		
		§ 790.118	1st	2nd	3rd+

Retail Sales and Services					

731.50	Limited Financial Service	§ 790.112	<u>P</u> <u>#</u>	<u>P</u>	-

731.53	Business or Professional Service	§ 790.108	P#	P	P

SPECIFIC PROVISIONS FOR NCT-3 DISTRICTS

Article 7 Code Section	Other Code Section	Zoning Controls
		LIMITED FINANCIAL SERVICE AND BUSINESS OR PROFESSIONAL USES
§ 731.50	§ 790.112	Boundaries: Applicable only for the parcels zoned NCT-3 on Market Street West of Octavia Boulevard
§ 731.53	§ 790.108	Controls: A Conditional Use authorization is required for a Limited Financial Service use and for a Business or Professional Service use on the 1st story

SEC. 733. UPPER MARKET STREET NEIGHBORHOOD COMMERCIAL TRANSIT DISTRICT ZONING CONTROL TABLE

No.	Zoning Category	§ References	Upper Market Street Transit		
			Controls by Story		
		§ 790.118	1st	2nd	3rd+

Retail Sales and Services					

733.50	Limited Financial Service	§ 790.112	P C	-	-

733.53	Business or Professional Service	§ 790.108	<i>P C</i>	P	C

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
JUDITH A. BOYAJIAN
Deputy City Attorney

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[Administrative, Health Codes - Restaurant Week]

Ordinance amending the Administrative Code to establish the last ten days of January each year as Restaurant Week; and amending the Health Code to eliminate the Department of Public Health's Restaurant Appreciation Month.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Administrative Code is hereby amended by adding Section 1.62, to read as follows:

SEC. 1.62. RESTAURANT WEEK.

To coordinate with Visit California's annual celebration of Restaurant Month in the State of California, the last ten days of January each year shall be Restaurant Week in the City and County of San Francisco.

Section 2. The Health Code is hereby amended by deleting Section 456.7, as follows:

SEC. 456.7. RESTAURANT APPRECIATION MONTH.

(a) The Department of Public Health shall:

1. Declare October as Restaurant Appreciation Month.

1 2. ~~Establish criteria and an application and selection process to identify local~~
2 ~~restaurants that contribute to the vitality of San Francisco. The selected restaurants shall be recognized~~
3 ~~during at least one public event held during Restaurant Appreciation Month. The Mayor, individual~~
4 ~~members of the Board of Supervisors, and the general public may nominate restaurants for recognition.~~

5 3. ~~The criteria, application, and selection process should include a review and analysis~~
6 ~~of the restaurant's labor practices towards its employees including but not limited to employees'~~
7 ~~regular and overtime wage rates, the restaurants' break policies, tip policies, health and safety training~~
8 ~~protocols, worker's compensation insurance coverage plans, sick leave policies, health insurance or~~
9 ~~coverage options offered to employees, family leave policies, and non-discrimination policies or~~
10 ~~protocols.~~

11
12 Section 3. Effective Date. This ordinance shall become effective 30 days after
13 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
14 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
15 of Supervisors overrides the Mayor's veto of the ordinance.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19 By: _____
20 JON GIVNER
21 Deputy City Attorney

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23
24
25

REVISED LEGISLATIVE DIGEST

(3/3/2015, Amended in Board)

[Administrative Code - Establishing Legacy Business Registry and Fee]

Ordinance amending the Administrative Code to direct the Small Business Commission to establish a Legacy Business Registry, and authorize an administrative fee for the Registry not to exceed \$50.

Existing Law

Existing City law does not specifically provide for the recognition, study, or promotion of "longstanding, community-serving businesses."

Amendments to Current Law

The proposal is an ordinance that would amend the Administrative Code to direct the Small Business Commission to establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). A "Legacy Business" is a business that has been nominated by a member of the Board of Supervisors or the Mayor, and that the Small Business Commission, after a noticed hearing, determines meets three criteria:

- It has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco;
- It has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community; and,
- It is committed to maintaining the physical features or traditions that define the business, including craft, culinary or art forms.

The ordinance would require the Small Business Commission to survey San Francisco's Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs could include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives. To offset the costs of administering the program, the Small Business Commission, in consultation with the Controller, would establish an administrative fee, not to exceed \$50, for businesses nominated for inclusion in the Registry.

Background

The original proposal, introduced on October 7, 2014, would have also established a rebate program for Legacy Businesses that purchased the real property from which they operated their businesses. The program would also have provided rebates to "Qualified Landlords," meaning persons that purchased real property from which Legacy Businesses operated their businesses and that extended the term of the Legacy Businesses' leases by at least an additional ten years (for example, the purchaser extended an existing ten-year lease to a twenty-year lease). The amount of the rebate would have been equal to the transfer tax paid on the purchase of the property (or portion of the property) from which the Legacy Businesses operated. The total combined rebates paid to all Qualified Legacy Businesses and Qualified Landlords in any one year would not have exceeded \$400,000.

Under the original proposal introduced on October 7, 2014, the Executive Director of the Office of Small Business, in consultation with the Controller, would have adopted rules to implement the rebate program, and would have submitted an annual report to the Board of Supervisors on the program. Also under the original proposal, the Controller would have conducted an annual review of the effect of the program for the Board of Supervisors. The rebate program in the original proposal would have expired by operation of law at midnight on December 31, 2019, unless extended by ordinance.

The Budget and Finance Committee amended the ordinance to remove the rebate program in its entirety. The amendments of the Budget and Finance Committee also: (1) added a requirement that the Small Business Commission make the determination, after a noticed hearing, as to whether a business qualified as a Legacy Business; (2) modified the first requirement for qualification as a Legacy Business to include non-profit entities directly serving the community as potentially qualifying entities; (3) modified the second requirement for qualification as a Legacy Business to require that the business have been "founded or currently be headquartered in San Francisco" rather than requiring that the business have been "established and currently be based in San Francisco;" and (4) changed the date by which the Small Business Commission must make recommendations to the Board of Supervisors from June 30, 2015 to September 30, 2015.

The Board of Supervisors subsequently amended the ordinance again to: (1) require that a business be nominated by a member of the Board of Supervisors or the Mayor to qualify as a legacy business; and (2) remove the requirement that the business be a bar, restaurant, retail store, arts space, performance venue, non-profit entity directly serving the community, or a business primarily engaged in Production, Distribution, and Repair activities, as described in Article 2 of the Planning Code.

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SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, May 11, 2015
5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

GOVERNMENT
DOCUMENTS DEPT

MAY 11 2015

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1. **Call to order and roll call.**
2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)
3. **Presentation and Discussion on the Business Portal. Update on current utilization and the next stages of development including review of the permitting process.** (Discussion Item)
Presentation by: Jane Gong
4. **Presentation and Discussion on the University of San Francisco's (USF) School of Management and its Gellert Family Business Resource Center on the Legacy Business Program.** (Discussion Item)
Explanatory Documents: Project Document
Presentation by: Students of the (USF) School of Management
5. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141303 [Planning Code – Massage Establishments]** Update on final recommendations from the Land Use Committee hearing. (Discussion and Possible Item)

Explanatory Documents: BOS File No. 141303 Legislation

6. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141302 [Health Code - Massage Practitioners, Establishments, and Associated Fees]** (Discussion and Possible Item)

Explanatory Documents: BOS File No. 141302 Legislative Digest; BOS File No. 141302 Legislation

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/ COMMISSION SECRETARY, BRIAN POOLE

7. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150462 [Public Works Code - Waiver of Street Space Fee for Small Business Week Sidewalk Sales]** (Discussion and Possible Action)

Explanatory Documents: BOS File No. 154062 Legislative Digest; BOS File No. 154062 Legislation

8. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
9. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
10. **Vice President's Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
11. **Commissioner Reports:** Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
12. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
13. **Adjournment.** (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

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City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

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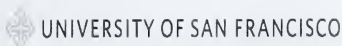
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415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/ COMMISSION SECRETARY, BRIAN POOLE





May 7, 2015

Regina Dick-Endrizzi, Executive Director
Mayor's Office of Small Business
City Hall
1 Dr. Carlton B. Goodlett Place, Room 100
San Francisco, CA 94102-4689

Dear Ms. Dick-Endrizzi:

On behalf of the University of San Francisco's (USF) School of Management and its Gellert Family Business Resource Center, I want to thank you again for giving our students the opportunity to work with the Mayor's Office of Small Business (MOSB) on matters related to the implementation of the City's Legacy Business legislation. The ordinance, as adopted on March 19th, lays the foundation for expanded support of businesses that have existed in San Francisco for more than 30 years. As we know, many of these firms are family owned and, therefore, are part of the population that the USF Gellert Family Business Resource Center was created to serve.

Our Spring 2015 practicum in family business course focused on providing supportive instruction, applied research and embedded community engagement directly related to the City's legacy business legislation. Our USF students collaboratively worked with MOSB and members of the City's Small Business Commission; federal Small Business Administration (SBA); the Golden Gate Restaurant Association (GGRA); San Francisco Heritage; and others to complete research associated with the following projects:

1. Legacy Business Displacement Analysis.

Project Description: Expand upon the City's Legislative Analyst Office's October 2014 report with historical and current commercial retail space rents, vacancy rates, and trend analysis data for five designated City commercial corridors.

Students involved: Jeremiah Bramble, Olga Petryanik, Ian Rebholz, Yannik Soll, Willie Sujeanto, Wenkui Xiao

Work completed:

- Completed a detailed analysis expanding upon the City's Legislative Analyst Office's review of commercial retail space rent increases to include Third Street, 16th to 24th Streets (distinct data for this commercial segment could not be obtained); Third

Legacy Business Displacement Analysis (continued)

- Street, Evans to Williams Streets; 24th Street, Bryant to Folsom Streets; Valencia Street, 14th to 20th Streets; and Castro Street, Market to 16th Streets.
- The student research team used Co-Star and related commercial retail space databases to obtain 2000, 2005, 2010, and 2014 average cost per square foot information. A comparison chart of their findings is attached.

Findings:

- Identified that the use of city-wide averages in the City Legislative Analyst's report distorted an understanding of the impacts of commercial rent increases on legacy businesses in San Francisco, particularly along various commercial corridors.
- Determined that significant commercial retail rent increases along the 24th Street corridor (203.19% from 2010 to 2014) will negatively impact any legacy business who does not own its property.
- Identified that, had the 2008 recession not occurred, straight-line trends indicate that commercial rents along the Valencia Street corridor would average at least \$6.19 per square foot higher than they are today; similarly, rents along the Castro Street corridor would average at least \$2.34 per square foot higher than they are today. Both of these factors would have negatively impacted legacy businesses located on either of these commercial corridors, if they did not own the buildings where they are located.
- Determined that, while average per square foot rents along the Bayview segment of Third Street are lower than those on the other commercial corridors examined, the commercial rent per square foot rate of increase (139.73%) outpaces those of every commercial corridor researched, other than 24th Street. If this trend continues, it bodes poorly for any legacy business located along the Bayview Third Street corridor, who does not own its own building.

Next steps:

- Review findings (see attachment); expand analysis to other commercial corridors.
- Identify support strategies that could permit legacy businesses to purchase the properties where they are housed. Implementation strategies would include technical assistance from the Small Business Development Center (SBDC) to enhance operational profitability and cash flow to position the legacy business for independent or SBA 504 or 7A acquisition financing, as appropriate.

2. Legacy Business Case Studies.

Project Description: Collect personal stories from older and current generation legacy business owners, adjacent businesses and community residents to document community impact. Two legacy businesses were selected for contact: Cliff's Variety Store in the Castro (owns its building) and Belmar Meat Market in the Mission (leases its space).

Students involved:

- Business Owner interviews/Data collection: Shayan Allahi, William Koo, Joshua Lampert
- Business Community interviews/Data collection: Darren Cabellero, Shivan Singh
- Adjacent Business interviews/Data collection: Juna Nguyen, Martha Gutierrez

Work completed:

- Developed interview questions for businesses, customers and adjacent retailers to determine community impact.
- Conducted neighborhood analyses.

Findings:

- Identified a range of marketing-related issues including more comprehensive target market analysis, generational turnover within targeted commercial areas, use of print and electronic media, and multiplier analysis that should be the subject of technical assistance being provided by MOSB, SBDC and SBA.
- Identified several other areas where technical assistance could be helpful including business operations technology support, education about building purchasing options, legal support to facilitate landlord/legacy business lease discussions, City regulations making it more difficult to "flip" buildings housing legacy businesses, and legacy business promotion.

Next steps:

- Encourage a Fall 2015 student team to develop case studies associated with at least two businesses along other City commercial corridors.
- Research best practices associated with assessing retail "community impact" for consideration by MOSB and the Small Business Commission.

3. Legacy Business Incentives.

Project Description: Investigate options for encouraging legacy businesses as well as the owners of properties housing legacy business to participate in the City's newly adopted legacy business registry including the collection of "best practice" ideas nationwide.

Legacy Business Incentives (continued)

Students involved: Julius Baron, Paulina Galoostian, Gaby Shih, Lindsay Warren

Work completed:

- Investigated local and national policies and programs that might incentivize legacy businesses and landlords to participate in the legacy business program.
- Identified a range of policies including programs that would allow landlords who extended leases to legacy businesses to earn density bonuses and/or enhanced air rights; San Francisco regulations surrounding commercial condoization; and legacy business protections that could be extended via regulatory legislation as practiced within the City of New York.

Findings:

- Identified that San Francisco has existing commercial condoization legislation and procedures in place.
- Determined that, while the commercial conversion process has been utilized by a small number of legacy businesses, few retail establishments and even fewer landlords are aware that (1) the law exists and (2) commercial condoization represents an option for retaining legacy businesses without penalizing landlords. Further, the team identified that commercial condoization can be accomplished without triggering negative Costa-Hawkins/Ellis Act effects on residential units within mixed use buildings.
- Identified that most landlords housing legacy businesses as well as the legacy business owners themselves require education both about the commercial condoization process and available financing support available through SBA's 504 and 7A programs.

Next steps:

- Encourage MOSB and SBDC to create an educational campaign about commercial condoization for both legacy businesses and the landlords who house them. Such an educational campaign needs to include members of the banking, legal and succession planning communities (examples include, but are not limited to, representatives from Sterling Bank, the Small Property Owners Association of San Francisco, and the Exit Planning Institute).
- Encourage MOSB to develop a concierge process to assist interested landlords and legacy businesses through the condoization process including the development of policies and procedures designed to facilitate the same.
- Encourage MOSB to identify potential financial incentives (property transfer tax offsets, mutual benefit corporations, minimum wage subsidies, etc.) that might encourage landlords and legacy businesses to either engage with the legacy business program or complete the commercial condoization process.

Legacy Business Incentives (continued)

- Encourage MOSB and SBDC to develop no and low cost marketing programs designed to promote legacy businesses including supportive student internships, a sticker campaign, "go green" support, business to business/customer referral incentives, and legacy business physical and electronic networks.

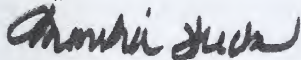
The overall timeline that guided the Spring 2015 USF/MOSB Legacy Business project included:

<u>Date</u>	<u>Activity</u>
February 5 th	Project initiation
February 10 th /12 th	Student-led study sessions
February 26 th	Draft work plans submitted
March 12 th /April 7 th	Progress reports submitted
April 30 th	Oral presentation of final reports
May 11 th	Summary of research findings provided to Small Business Commission

Dr. Isabelle Lescent-Giles, a business historian and adjunct faculty, co-instructed this practicum course with me.

Please advise if any additional information is needed in connection with this semester's legacy business project summary.

Sincerely,



Dr. Monika Hudson, Assistant Professor
Director, Gellert Family Business Resource Center
University of San Francisco
School of Management
2130 Fulton Street, Malloy Hall Room 235
San Francisco, CA 94117
(415) 422-4395
mhudson@usfca.edu

cc: Dr. Elizabeth Davis, Dean; Dr. Mark Cannice, Department Chair; Dr. Isabelle Lescent-Giles

City of San Francisco Displacement Analysis

5/8/2015 7:51

Run Date:

Commercial Retail Rent/Sq Foot	City-Wide Average	% Increase	Third Street Average	% Increase	24th Street Average	% Increase	Valencia Street Average	% Increase	Castro Street Average	% Increase
Sq Foot Rent-2000	\$189.50		N/A		N/A		\$36.27		\$43.47	
Sq Foot Rent-2005	N/A		\$17.24		N/A		\$40.45	111.52%	\$47.43	109.11%
Sq Foot Rent-2010	N/A		\$16.06	-6.84%	\$35.76		\$39.41	-2.57%	\$44.89	-5.36%
Sq Foot Rent-2014	\$675.10	356.25%	\$22.44	139.73%	\$72.66	203.19%	\$44.12	111.95%	\$54.13	120.58%
Projected Trend w/o recession 2005-2010:							\$45.11		\$51.75	
Projected Trend w/o recession 2010-2015:							\$50.31	114.03%	\$56.47	104.31%

[Planning Code - Massage Establishments]

Ordinance amending the Planning Code to require that massage establishments, with certain exceptions, obtain a Conditional Use permit; to establish a legitimization program for certain massage establishments; and to make conforming amendments; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings, including findings of public necessity, convenience, and welfare under Planning Code, Section 302, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 141303 and is incorporated herein by reference. The Board affirms this determination.

(b) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this ordinance will serve the public necessity, convenience and welfare, for the reasons set forth in Planning Commission Resolution No. 19344, and incorporates such reasons by this reference

thereto. A copy of said resolution is on file with the Clerk of the Board of Supervisors in File No. 141303.

(c) On March 26, 2015, the Planning Commission, in Resolution No. 19344, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 141303, and is incorporated herein by reference.

Section 2. The Planning Code is hereby amended by revising Sections 102, 202.2, 790.60, 890.60, 790.114, and 890.114 to read as follows:

SEC. 102. DEFINITIONS.

* * * *

Message Establishment. A Retail Sales and Service Use defined by Sections 29.51 through 29.32 of the ~~San Francisco~~ Health Code. For purposes of the Planning Code only, "Message Establishment" shall include both a "Message Establishment" and a "Sole Practitioner Message Establishment," as these terms are defined in Section 29.5 of the Health Code, except a use that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600, et seq., or one that employs or uses only persons certified by the State's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600, et seq., provided that the The mMessage eEstablishment has shall first obtained a permit from the Department of Public Health pursuant to Section 29.252 of the San Francisco Health Code, or a letter from the Director of the Department of Public Health certifying that the establishment is exempt from such a permit under Section 29.25(b) of the Health Code, and provided that:

1 (a) Controls. Message Establishments require a Conditional Use authorization from the
2 Planning Commission, pursuant to Section 303 of this Code. When considering an application for a
3 Conditional Use authorization pursuant to this subsection (a), the Planning Commission shall consider,
4 in addition to the criteria listed in Section 303(c), the criteria outlined in Section 303(n).

5 (ab) Exceptions. A Message Establishment shall not require a Conditional Use authorization if
6 the Message Establishment satisfies one or more of the following conditions:

7 (1) The message use is accessory to a principal use, if the message use is
8 accessed by the principal use and

9 (4A) the principal use is a dwelling unit and the message use conforms to
10 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
11 or

12 (2B) the principal use is a Tourist Hotel that contains 100 or more rooms
13 or an Institutional Use as defined in this Code; ~~or,~~

14 (b2) The only message service provided is chair massage, such service is
15 visible to the public, and customers are fully clothed at all times.

16 (3) It is a Sole Practitioner Massage Establishment, as defined in Section 29.5 of the
17 Health Code.

18 (c) If the message use does not meet the requirements of (a) or (b), above, then the message use
19 shall obtain a conditional use permit from the Planning Commission, pursuant to Section 303 of this
20 Code. When considering an application for a conditional use permit pursuant to this Subsection, the
21 Planning Commission shall consider, in addition to the criteria listed in Section 303(c), the criteria
22 outlined in Section 303(o).

23 * * * *

24 **Service, Health.** A Retail Sales and Service Use that provides medical and allied
25 health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists,

psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric, or other health services, and not part of a Hospital or medical center, as defined by this Section of the Code. ~~It also includes a massage establishment, as defined by Sections 29.1 through 29.32 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600, et seq., and one that employs or uses only persons certified by the State's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600, et seq.~~

* * * *

SEC. 202.2. LOCATION AND OPERATING CONDITIONS.

(a) **Retail Sales and Service Uses.** The Retail Sales and Service Uses listed below shall be subject to the corresponding conditions:

* * * *

(4) **Massage Establishments.** Any Massage Establishment found to be operating, conducted, or maintained contrary to this Code or Health Code Article 29 shall be found to be in violation of this Code and will be subject to enforcement as provided in Section 176 of the Planning Code. For three years following closure of a Massage Establishment for violations of this Code or the Health Code no new Massage Establishment shall be approved at the site where the former Massage Establishment was closed.

* * * *

SEC. 790.60. MESSAGE ESTABLISHMENT.

(a) **Definition.** Message eEstablishments are defined by Section ~~4900~~ 29.5 of the ~~San Francisco~~ Health Code. For purposes of the Planning Code only, "Massage Establishment"

shall include both a "Message Establishment" and a "Sole Practitioner Message Establishment," as these terms are defined in Section 29.5 of the Health Code. Any ~~m~~Message eEstablishment shall have first obtained a permit from the Department of Public Health pursuant to Section ~~1908~~ 29.25 of the ~~San Francisco~~ Health Code, or a letter from the Director of the Department of Public Health certifying that the establishment is exempt from such a permit under Section 29.25(b).

(b) Controls. Message eEstablishments shall ~~generally~~ be subject to Conditional Use authorization. Certain exceptions to the Conditional Use requirement for accessory use message are described in subsection (c) below. When considering an application for a conditional use permit pursuant to this subsection (b), the Planning Commission shall consider, in addition to the criteria listed in Section 303(c), the additional criteria described in Section 303~~(en)~~.

(c) Exceptions. Certain exceptions would allow a message use to be "permitted" without a Conditional Use authorization including:

(1) Certain Accessory Use Message, provided that the message use is accessory to a principal use; the message use is accessed by the principal use; and the principal use is:

(A) ~~the principal use is~~ a dwelling unit and the message use conforms to the requirements of Section 204.1 of this Code, for accessory uses for dwelling units in R or NC districts; or

(B) ~~the principal use is~~ a tourist hotel as defined in Section 790.46 of this Code, that contains 100 or more rooms; or

(C) ~~the principal use is~~ a large institution as defined in Section 790.50 of this Code; or

(D) ~~the principal use is a~~ hospital or medical center, as defined in Section 790.44 of this Code.

(2) Chair Massage. The only massage service provided is chair massage, such service is visible to the public, and customers are fully-clothed at all times.

(3) Sole Practitioner Massage Establishments, as defined in Section 29.5 of the Health Code.

~~(3) California State Certification. A State-certified massage establishment, as defined by Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., or one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq., shall be regulated as a "Medical Service" use as defined by Section 790.114 or 890.114 provided that the massage establishment has first obtained a permit from the Department of Public Health pursuant to Section 1908 of the San Francisco Health Code.~~

~~(d) Enforcement. Any massage establishment or exempted massage use found to be operating, conducted or maintained contrary to the provisions of this Code shall be found to be operating in violation of this Code and will be subject to enforcement as provided in Section 176. No application or building permit to establish a massage establishment or exempted massage use will be accepted within one year after the subject property if is found operating in violation of the provisions of this Code.~~

SEC. 890.60. MESSAGE ESTABLISHMENT.

(a) Definition. Massage eEstablishments are defined by Section ~~1900~~ 29.5 of the ~~San Francisco Health Code.~~ For purposes of the Planning Code only, "Massage Establishment" shall include both a "Massage Establishment" and a "Sole Practitioner Massage Establishment," as these terms are defined in Section 29.5 of the Health Code. Any

1 ~~Message~~ Establishment shall have first obtained a permit from the Department of Public
2 Health pursuant to Section ~~1908.29.25~~ of the ~~San Francisco~~ Health Code, or a letter from the
3 Director of the Department of Public Health certifying that the establishment is exempt from such a
4 permit under Section 29.25(b).

5 (b) Controls. Message Establishments shall ~~generally~~ be subject to Conditional Use
6 authorization. Certain exceptions to the Conditional Use for accessory use massage are
7 described in subsection (c) below. When considering an application for a conditional use
8 permit pursuant to this subsection, the Planning Commission shall consider, in addition to the
9 criteria listed in Section 303(c), the additional criteria described in Section 303~~(g)~~.

10 (c) Exceptions. Certain exceptions would allow a massage use to be "permitted"
11 without a Conditional Use authorization including:

12 (1) Certain Accessory Use Massage and provided that the massage use is
13 accessory to a principal use; the massage use is accessed by the principal use; and the
14 principal use is:

15 (A) ~~the principal use is~~ a dwelling unit and the massage use conforms to
16 the requirements of Section 204.1, for accessory uses for dwelling units in R or NC districts;
17 or

18 (B) ~~the principal use is~~ a tourist hotel as defined in Section 790.46 of this
19 Code, that contains 100 or more rooms; or

20 (C) ~~the principal use is~~ a large institution as defined in Section 790.50 of
21 this Code; or

22 (D) ~~the principal use is~~ a hospital or medical center, as defined in Section
23 790.44 of this Code.

24 (2) Chair Massage. The only massage service provided is chair massage, such
25 service is visible to the public, and customers are fully-clothed at all times.

1 (3) Sole Practitioner Massage Establishments, as defined in Section 29.5 of the Health
2 Code.

3 *(3) California State Certification. A State-certified massage establishment, as defined by*
4 *Section 1900 of the San Francisco Health Code, that is a sole proprietorship, as defined in California*
5 *Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant*
6 *to the California Business and Professions Code Section 4600 et seq., or one that employs or uses only*
7 *persons certified by the state's Massage Therapy Organization, pursuant to the California Business and*
8 *Professions Code Section 4600 et seq., shall be regulated as a "Medical Service" use as defined by*
9 *Section 790.114 or 890.114 provided that the massage establishment has first obtained a permit from*
10 *the Department of Public Health pursuant to Section 1908 of the San Francisco Health Code.*

11 *(d) Enforcement. Any massage establishment or exempted massage use found to be operating*
12 *conducted or maintained contrary to the provisions of this Code shall be found to be operating in*
13 *violation of the Code and will be subject to enforcement as provided in Section 176. No application or*
14 *building permit to establish a massage establishment or exempted massage use will be accepted within*
15 *one year after the subject property is found operating in violation of the provisions of this Code.*

16 **SEC. 790.114. SERVICE, MEDICAL.**

17 A retail use which provides medical and allied health services to the individual by
18 physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists,
19 chiropractors, or any other health-care professionals when licensed by a State-sanctioned
20 Board overseeing the provision of medically oriented services. It includes a clinic, primarily
21 providing outpatient care in medical, psychiatric or other health services, and not part of a
22 hospital or medical center, as defined in Section 790.44 of this Code. *It also includes a massage*
23 *establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined*
24 *in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is*
25 *certified pursuant to the California Business and Professions Code Section 4600 et seq., and one that*

employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq.

SEC. 890.114. SERVICE, MEDICAL.

A use, generally an office use, which provides medical and allied health services to the individual by physicians, surgeons, dentists, podiatrists, psychologists, psychiatrists, acupuncturists, chiropractors, or any other health-care professionals when licensed by a State-sanctioned Board overseeing the provision of medically oriented services. It includes a clinic, primarily providing outpatient care in medical, psychiatric or other health services, and not part of a hospital or medical center, as defined in Section 890.44 of this Code. ~~It also includes a massage establishment, as defined by Section 1900 of the Health Code, that is a sole proprietorship, as defined in California Business and Professions Code Section 4612(b)(1), and where the sole proprietor is certified pursuant to the California Business and Professions Code Section 4600 et seq., and one that employs or uses only persons certified by the state's Massage Therapy Organization, pursuant to the California Business and Professions Code Section 4600 et seq.~~

Section 3. The Planning Code is hereby amended by adding Section 177, to read as follows:

SEC. 177. LEGITIMIZATION OF CERTAIN MASSAGE ESTABLISHMENTS.

(a) Intent. The purpose of this Section 177 is to establish a time-limited program whereby existing Massage Establishments that have operated without required permits may seek those permits.

(b) Legitimization Program for Certain Massage Establishments. A Massage Establishment shall be considered a Legal Non Conforming Use or a Permitted Conditional Use, and shall be authorized to continue to operate without obtaining a Conditional Use authorization from the Planning Commission, as required by Sections 102, 790.60, and 890.60 of this Code, if it meets all of the following requirements:

1 (1) As of January 19, 2015, it was operating in that location;

2 (2) As of to January 19, 2015, it obtained a business license from the City;

3 (3) As of to January 19, 2015, all employees obtained a valid certification from the
4 California Massage Therapy Council (CAMTC) or a valid permit from the Department of Public
5 Health (DPH);

6 (4) there are no open Police Department, Planning Department or DPH enforcement
7 cases against the Massage Establishment at the time of permit approval; and

8 (5) the Massage Establishment applies for a permit from DPH under Section 29.25 of
9 the Health Code within 90 days of the effective date of this Section 177.

10 (c) **Website Notice.** As soon as possible after enactment of this Section 177, the Planning
11 Department and DPH shall post notice of this legitimization program on their websites, inviting
12 Massage Establishment owners or operators to take advantage of this program, and describing its
13 contents and requirements. The notice shall clearly explain which zoning districts of the City permit
14 Massage Establishments as of right, which ones permit them with a Conditional Use authorization, and
15 which do not permit them.

16 (d) **Determination of Applicability.** Upon receiving a Massage Establishment referral from
17 the DPH pursuant to Section 29.28 of the Health Code, the Planning Department shall assess whether
18 the Massage Establishment meets the conditions set forth in this Section 177. Massage Establishment
19 owners or operators shall submit to the Planning Department evidence supporting the findings
20 required under Subsection (b), above. Such evidence may include, but is not necessarily limited to, the
21 following: rental or lease agreements, building or other permits, utility records, business licenses,
22 CAMTC certification materials, permits from DPH, or tax records. The Planning Department shall
23 determine compliance with this Section in its response to the referral form received from DPH.

24 (e) **Limitation of Intensification, Expansion or Discontinuance.** Enlargements,
25 Intensifications or Discontinuances of Massage Establishments that follow the Legitimization Process

1 authorized by this Section 177 shall be subject to the controls applicable under Sections 178, 181, 182
2 and 183 of this Code.

3 (f) Compliance with Other Requirements of the Planning Code. Massage Establishments that
4 follow the Legitimization Process authorized by this Section shall comply with all applicable
5 requirements of the Planning Code, other than those requirements from which they are specifically
6 exempted under this Section 177.

7 (g) Sunset. Unless readopted, this Section 177 shall sunset 18 months after its effective date.

8
9 Section 4. The Planning Code is hereby amended to revise the following Sections by
10 revising Subsection .54 or .34A of the accompanying Zoning Control Tables to substitute a
11 cross-reference to Article 29 of the Health Code for the existing cross-reference to Section
12 1900 of the Health Code.

13 Section 803.2. Uses Permitted In Chinatown Mixed Use Districts.

14 Section 810.1. Chinatown Community Business District.

15 Section 811.1. Chinatown Visitor Retail District.

16 Section 812.1. Chinatown Residential Neighborhood Commercial District.

17 Section 815. RSD – Residential/Service Mixed Use District.

18 Section 827. Rincon Hill Downtown Residential Mixed Use District (RH-DTR).

19 Section 829. South Beach Downtown Residential Mixed Use District (SB-DTR).

20 The City Attorney shall prepare the revisions and confirm that the San Francisco Code
21 Publisher has made the correct changes to the text of the Planning Code. At the direction of
22 the City Attorney, the publisher shall correct any other outdated cross-references to Section
23 1900 of the Health Code that need to be corrected in the Planning Code.

1 Section 5. The Planning Code is hereby amended by revising Sections 803.4 and
2 890.116, to read as follows:

3 **SEC. 803.4. USES PROHIBITED IN SOUTH OF MARKET AND EASTERN**
4 **NEIGHBORHOODS MIXED USE DISTRICTS.**

5 (a) Uses which are not specifically listed in this Article or Article 6 are not permitted in
6 South of Market Mixed Use Districts unless they qualify as a nonconforming use pursuant to
7 Sections 180 through 186.1 of this Code or are determined by the Zoning Administrator to be
8 permitted uses in accordance with Section 307(a) of this Code. Uses not permitted in any
9 South of Market District include, but are not limited to, the following: Adult entertainment,
10 bookstore or theater; amusement game arcade or similar enterprise; shooting gallery; general
11 advertising signs, except in the South of Market General Advertising Special Sign District;
12 animal kennel, riding academy or livery stable; automobile, truck, van, recreational
13 vehicle/trailer or camper sales, lease or rental; auto tow of inoperable vehicles; auto wrecking
14 operation; drive-up facility; hotel (except as permitted as a conditional use as provided in
15 Planning Code Section 818, Service/Secondary Office District), motel, hostel, inn, or bed and
16 breakfast establishment; heavy industry subject to Section 226(e) through (w) of this Code;
17 junkyard; landing field for aircraft; massage establishment subject to Section ~~218.1~~ 102 of this
18 Code; except in the Residential/Service Mixed Use District when provided in conjunction with
19 full-service spa services; mortuary; movie theater and sports stadium or arena.

20 **SEC. 890.116. SERVICE, PERSONAL.**

21 A retail use which provides grooming services to the individual, including salons,
22 cosmetic services, tattoo parlors, and health spas, excluding massage establishments subject
23 to Section ~~218.1~~ 102 of this Code located within South of Market Districts, or instructional
24 services not certified by the State Educational Agency, such as art, dance, exercise, martial
25

arts, and music classes, except that in the South of Market Districts, arts activities falling within Section 102.2 shall not be considered personal services.

Section 6. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 7. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: ANDREA RUIZ-ESQUIDE
Deputy City Attorney

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[Public Works Code - Waiver of Street Space Fee for Small Business Week Sidewalk Sales]

Ordinance waiving the fee required by Public Works Code, Section 724.1(b), for temporary street space occupancy permit on certain designated City streets on Saturday, May 16, 2015, and Saturday, May 23, 2015, as part of Small Business Week Sidewalk Sales.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference.

Section 2. To promote Small Business Week and permit sidewalk sales of merchandise, Public Works Code Section 724.1(b), setting a fee for temporary street space occupancy, is hereby waived on Saturday, May 16, 2015, between the hours of 7:00 a.m. and 9:00 p.m. for the following geographic areas of the City and County of San Francisco:

14th Street between Guerrero Street and Mission Street;

15th Street between Guerrero Street and Mission Street;

- 1 16th Street between Guerrero Street and Mission Street;
- 2 17th Street between Guerrero Street and Mission Street;
- 3 18th Street between Guerrero Street and Mission Street;
- 4 19th Street between Guerrero Street and Mission Street;
- 5 20th Street between Guerrero Street and Mission Street;
- 6 21st Street between Guerrero Street and Mission Street;
- 7 22nd Street between Guerrero Street and Mission Street;
- 8 23rd Street between Guerrero Street and Mission Street;
- 9 24th Street between Douglass Street and Dolores Street;
- 10 24th Street between Guerrero Street and Mission Street;
- 11 25th Street between Guerrero Street and Mission Street;
- 12 26th Street between Guerrero Street and Mission Street;
- 13 Broderick Street between Chestnut Street and Lombard Street;
- 14 California Street between Laurel Street and Baker Street;
- 15 Cortland Avenue between Bonview Street and Prentiss Street;
- 16 Castro Street between 24th Street and Clipper Street;
- 17 Cesar Chavez Street between Guerrero Street and Mission Street;
- 18 Chenery Street between Lippard Avenue and Natick Street;
- 19 Chestnut Street between Baker Street and Webster Street;
- 20 Church Street between 24th Street and 30th Street;
- 21 Diamond Street between Monterey Boulevard and Surrey Street;
- 22 Divisadero Street between Chestnut Street and Lombard Street;
- 23 Fillmore Street between Chestnut Street and Green Street;
- 24 Fillmore Street between Post Street and Jackson Street;
- 25 Haight Street between Central Avenue and Stanyan Street;

1 Haight Street between Scott Street and Webster Street;
2 Irving Street between 19th Avenue and 26th Avenue;
3 Lombard Street between Lyon Street and Van Ness Avenue;
4 Mission Street between 14th Street and Cesar Chavez Street;
5 Mission Street between Cesar Chavez Street and Randall Street;
6 Noriega Street between 32nd Avenue and 33rd Avenue;
7 Noriega Street between 44th Avenue and 47th Avenue;
8 Pacific Street between Van Ness Avenue and Larkin Street;
9 Pierce Street between Chestnut Street and Lombard Street;
10 Polk Street between Greenwich Street and Golden Gate Avenue;
11 Sacramento Street between Maple Street and Divisadero Street;
12 Scott Street between Chestnut Street and Lombard Street;
13 Steiner Street between Chestnut Street and Lombard Street;
14 Taraval Street between 19th Avenue and 28th Avenue;
15 Union Street between Pierce Street and Van Ness Avenue;
16 Valencia Street between Market Street and Cesar Chavez Street;
17 West Portal Avenue between 15th Avenue and Ulloa Street; and
18 Wilder Street between Diamond Street and Carrie Street.

19
20 Section 3. To promote Small Business Week and permit sidewalk sales of
21 merchandise, Public Works Code Section 724.1(b), setting a fee for temporary street space
22 occupancy, is hereby waived on Saturday, May 23, 2015, between the hours of 7:00 a.m. and
23 9:00 p.m. for the following geographic areas of the City and County of San Francisco:

24 18th Street between Douglass Street and Hartford Street;
25 21st Street between Bryant Street and York Street;

1 24th Street between Douglass Street and Dolores Street;
2 Bryant Street between 20th Street and 21st Street;
3 Castro Street between 24th Street and Clipper Street;
4 Castro Street between Market Street and 19th Street;
5 Church Street between 24th Street and 30th Street;
6 Church Street between Market Street and 15th Street;
7 Fillmore Street between Post Street and Jackson Street;
8 Florida Street between 17th Street and 20th Street;
9 Irving Street between 19th Avenue and 26th Avenue;
10 Market Street between Castro Street and Sanchez Street;
11 Mission Street between Cesar Chavez Street and Randall Street;
12 Noriega Street between 32nd Avenue and 33rd Avenue;
13 Noriega Street between 44th Avenue and 47th Avenue;
14 Pacific Street between Van Ness Avenue and Larkin Street;
15 Polk Street between Greenwich Street and Golden Gate Avenue; and
16 Taraval Street between 19th Avenue and 28th Avenue.
17

18 Section 4. All other provisions of the Public Works Code, Sections 724 et seq., shall
19 remain in full effect.
20

21 Section 5. Effective Date; Retroactivity. This ordinance shall become effective 30 days
22 after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns
23 the ordinance unsigned or does not sign the ordinance within 10 days of receiving it, or the
24 Board of Supervisors overrides the Mayor's veto of the ordinance. The provisions of this
25

/////

ordinance shall be retroactive to May 1, 2015, should the effective date of the ordinance occur after that date.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: Zachary A. Porianda
Deputy City Attorney

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LEGISLATIVE DIGEST

(Substituted 4/28/2015)

[Health Code - Massage Practitioner and Business Permits, Associated Fees]

Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners, massage establishments, massage outcall services, and sole practitioner massage establishments by, among other things: 1) eliminating the exemption for massage businesses that employ solely massage practitioners certified by the California Massage Therapy Council from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for massage practitioner permits; 3) denying massage business permits to applicants who have been convicted of criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking massage practitioner permits, massage establishment permits, sole practitioner massage establishment permits, and outcall massage service permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance.

Existing Law

Article 29 of the Health Code provides a comprehensive permitting and regulatory framework for massage practitioners and massage businesses over which the Department of Public Health (DPH) has jurisdiction.

A massage practitioner requires a permit issued by DPH in order to provide massage services unless the practitioner holds a certificate to practice issued by the California Massage Therapy Council ("CAMTC"). Similarly, a massage business requires a permit from DPH in order to operate unless it employs only CAMTC-certified massage practitioners.

Applicants for a DPH massage practitioner permit need to complete 100 hours of instruction in massage in order to receive a permit. An advanced permit is awarded to practitioners who have completed 200 hours of instruction.

Applicants for a DPH massage business permit are required to pass criminal background checks and supply substantial information about their proposed business. Massage business permit holders must satisfy a number of requirements and restrictions in operating their business and are subject to inspections for non-compliance. Both massage practitioners and massage business owners are entitled to DPH Director's hearings for permit denials, suspensions, or revocations.

Amendments to Current Law

Under the Ordinance as amended, massage businesses employing only state-certified massage practitioners would now require a DPH permit and would be subject to all of the same requirements as other massage businesses in the City. Applicants for a massage practitioner permit would have to complete 500 hours of instruction to receive a permit, and there is no longer a distinction between general and advanced massage practitioner permits. The amended Ordinance would also deny a massage business permit if anyone with an ownership interest in the proposed business has been convicted of criminal acts related to human trafficking. The amended Ordinance also conforms the provision of Article 29 governing massage practitioner attire and posting requirements for human trafficking information to state law for the purpose of ensuring that DPH will have local enforcement authority.

The amended Ordinance would adjust the timing and criteria for various permit actions and clarifies the amount of fees due for each type of permit. It also contains a major reorganization of existing provisions to gather the related requirements together, ensure consistency among the various requirements, promote compliance, and facilitate effective enforcement.

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[Health Code - Massage Practitioner and Business Permits, Associated Fees]

Ordinance amending the Health Code to comprehensively revise regulation of massage practitioners, massage establishments, massage outcall services, and sole practitioner massage establishments by, among other things: 1) eliminating the exemption for massage businesses that employ solely massage practitioners certified by the California Massage Therapy Council from the permitting and regulatory authority of the Department of Public Health; 2) increasing the number of instructional hours required for massage practitioner permits; 3) denying massage business permits to applicants who have been convicted of criminal acts related to human trafficking; 4) aligning massage practitioner attire requirements with State law; 5) incorporating State human trafficking information posting requirements into local law for enforcement purposes; 6) revising the timing and criteria for granting, denying, suspending, and revoking massage practitioner permits, massage establishment permits, sole practitioner massage establishment permits, and outcall massage service permits; 7) specifying massage practitioner permit application and annual license fees; 8) updating the application and annual license fee amounts for massage establishments, outcall massage services, and sole practitioner massage establishments to reflect the currently authorized amounts; and 9) grouping related requirements and making other changes to enhance clarity and promote compliance.

NOTE: Unchanged Code text and uncodified text are in plain Arial font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

1 Be it ordained by the People of the City and County of San Francisco:

2 Section 1. Article 29 of the Health Code is hereby amended by renumbering and
3 revising, with the new section number in parentheses, Sections 29.1 (29.5), 29.2 (29.10), 29.3
4 (29.11), 29.4 (29.12), 29.5 (29.13), 29.6 (29.15), 29.7 (29.16), 29.8 (29.18), 29.10 (29.25),
5 29.11 (29.26), 29.12 (29.27 and 29.32), 29.13 (29.28), 29.14 (29.29), 29.15 (29.32), 29.16
6 (29.32), 29.17 (29.32), 29.18 (29.32), 29.19 (29.33), 29.20 (29.31), 29.21 (29.34), 29.22
7 (29.12 and 29.29), 29.23 (29.4), 29.24 (29.14 and 29.30), 29.25 (29.2 and 29.3), 29.26
8 (29.40-29.42), 29.27 (29.45), 29.28 (29.46), 29.29 (29.47), 29.30 (29.48), 29.31 (29.49), and
9 29.32 (29.50); deleting Section 29.9; and adding new Sections 29.1, 29.40, and 29.51, to read
10 as follows:

11 **ARTICLE 29**

12 **LICENSING AND REGULATION OF**

13 **MESSAGE PRACTITIONERS AND MESSAGE BUSINESSES**

14
15 **GENERAL PROVISIONS**

16 **SEC. 29.1 FINDINGS AND PURPOSE.**

17 **SEC. 29.2. ADMINISTRATION AND ENFORCEMENT.**

18 **SEC. 29.3. COMPLAINT LINE.**

19 **SEC. 29.4. TRANSFER OF PERMIT.**

20 **SEC. 29.5. DEFINITIONS.**

21
22 **MESSAGE PRACTITIONER PERMITS**

23 **SEC. 29.10. PERMIT REQUIRED FOR MESSAGE PRACTITIONER; EXEMPTIONS.**

24 **SEC. 29.11. APPLICATION FOR MESSAGE PRACTITIONER PERMIT.**

25 **SEC. 29.12. ISSUANCE OF MESSAGE PRACTITIONER PERMIT.**

1 SEC. 29.13. TEMPORARY MESSAGE PRACTITIONER PERMIT.

2 SEC. 29.14. EDUCATIONAL MATERIALS.

3 SEC. 29.15. MESSAGE PRACTITIONER IDENTIFICATION CARD.

4 SEC. 29.16. MESSAGE PRACTITIONER ANNUAL LICENSE FEE.

5 SEC. 29.17. MESSAGE PRACTITIONER CONDUCT REQUIREMENTS.

6 SEC. 29.18. SUSPENSION OR REVOCATION OF MESSAGE PRACTITIONER
7 PERMIT.

8
9 MESSAGE BUSINESS PERMITS

10 SEC. 29.25. MESSAGE BUSINESS PERMIT REQUIRED; EXEMPTIONS.

11 SEC. 29.26. APPLICATION FOR MESSAGE ESTABLISHMENT, SOLE

12 PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT.

13 SEC. 29.27. REQUIREMENTS FOR MESSAGE FACILITIES.

14 SEC. 29.28. REFERRAL OF MESSAGE ESTABLISHMENT AND SOLE

15 PRACTITIONER MESSAGE ESTABLISHMENT PERMIT APPLICATIONS TO OTHER
16 DEPARTMENTS; POLICE DEPARTMENT NOTIFICATION.

17 SEC. 29.29. ISSUANCE OF MESSAGE ESTABLISHMENT, SOLE PRACTITIONER
18 MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT.

19 SEC. 29.30. ANNUAL LICENSE FEE.

20 SEC. 29.31. OPERATING REQUIREMENTS.

21 SEC. 29.32. INSPECTION.

22 SEC. 29.33. SUSPENSION OR REVOCATION OF MESSAGE ESTABLISHMENT, SOLE
23 PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT.

24
25 FEES

1 SEC. 29.40. MASSAGE PRACTITIONER FEES.

2 SEC. 29.41. MASSAGE ESTABLISHMENT, SOLE PRACTITIONER MASSAGE
3 ESTABLISHMENT, OR OUTCALL MASSAGE SERVICE FEES.

4 SEC. 29.42. ADJUSTMENT OF FEES.

6 ENFORCEMENT AND PENALTIES

7 SEC. 29.45. VIOLATIONS AND ADMINISTRATIVE PENALTIES.

8 SEC. 29.46. COST RECOVERY.

9 SEC. 29.47. VIOLATIONS AND CRIMINAL PENALTIES.

10 SEC. 29.48. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.

11 SEC. 29.49. UNDERTAKING FOR THE GENERAL WELFARE.

12 SEC. 29.50. SEVERABILITY.

13 SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.

15 GENERAL PROVISIONS

16 SEC. 29.1. FINDINGS AND PURPOSE.

17 (a) Massage professionals and businesses providing massage therapy promote public health
18 and well-being with therapeutic practices that temper aches and pains, ease stress, reduce blood
19 pressure, and provide other valuable health benefits.

20 (b) In 2008, the Legislature enacted uniform statewide regulations pertaining to massage
21 therapy (Senate Bill No. 731 (2008), amended by Assembly Bill 619 (2011)) codified in Business and
22 Professions Code Sections 4600 et seq. The regulations created a private nonprofit benefit
23 corporation, the California Massage Therapy Council ("CAMTC"), which was authorized to regulate
24 and standardize the issuance of certificates to massage professionals throughout the state.

1 (c) The 2008 law, as amended, also served to exempt massage practitioners and massage
2 therapists who are certified by the CAMTC and massage businesses that employ only CAMTC-certified
3 practitioners from local permitting and other regulatory requirements except for reasonable health and
4 safety standards. This has had a preemptive effect on the ability of cities and counties to effectively
5 regulate massage businesses.

6 (d) The lack of local regulation has led to a marked increase in the number of massage
7 businesses that have opened in San Francisco, especially in some areas of the City that now exhibit a
8 significant concentration of such establishments.

9 (e) The lack of regulation has also allowed many illicit massage businesses to open,
10 sometimes using deceptive euphemisms like “relaxation spa” or “health club.” These illicit businesses
11 are generally outlets of the sex trade, and some engage in human trafficking and other human rights
12 violations. Such massage businesses are detrimental to the health and safety of the community and
13 adversely impact the local economy by driving legitimate business away, potentially affecting the
14 vitality of neighborhoods and the provision of adequate services for residents and visitors alike.

15 (f) In 2014, the Legislature passed, and Governor Brown signed, Assembly Bill No. 1147
16 (“AB 1147”), which authorizes local governments to use their regulatory and land use authority to
17 ensure the public’s safety, reduce human trafficking, and enforce local standards for the operation of
18 the business of massage therapy in the best interests of the affected community.

19 (g) Under AB 1147, cities and counties regained broad authority over the ability to regulate
20 businesses that provide massage therapy, and CAMTC retained authority over regulating those
21 individuals who hold a CAMTC certificate to practice massage therapy.

22 (h) Through this Article 29, the City seeks to exercise its authority under AB 1147 to
23 regulate all massage businesses, including those that employ only CAMTC-certified practitioners, and
24 to regulate massage practitioners who do not hold a CAMTC certificate.

25 **SEC. 29.2. ADMINISTRATION AND ENFORCEMENT.**

1 This Article 29 shall be administered and enforced by the Department of Public Health. The
2 Director may adopt rules and regulations to carry out the provisions of this Article.

3 **SEC. 29.3. COMPLAINT LINE.**

4 The Director shall maintain a phone line for inquiries and complaints regarding massage
5 businesses and practitioners.

6 **SEC. 29.4. TRANSFER OF PERMIT.**

7 No permit issued under this Article 29 shall be transferable under any circumstances, including
8 but not limited to the sale of the massage business.

9 **SEC. 29.15. DEFINITIONS.**

10 For the purposes of this Article 29:

11 "Approved School" or "Approved Massage School" means a school that provides instruction
12 and training in massage and meets the requirements of California Business and Professions Code
13 Section 4601(a).

14 "CAMTC" means the California Massage Therapy Council as ~~defined~~established in the
15 California Business and Professions Code ~~§ 4600(e)~~ Section 4602, or any successor agency.

16 "CAMTC Certified Practitioner" means an individual who administers massage for
17 compensation and holds a valid and active certificate to practice massage issued by CAMTC pursuant
18 to California Business and Professions Code Sections 4604 or 4604.2.

19 "City" means the City and County of San Francisco.

20 "Compensation" means a payment, loan, advance, donation, contribution, deposit, forgiveness
21 of debt, or gift of money or anything of value.

22 "Convicted" means having pled guilty or having received a verdict of guilty, including a
23 verdict following a plea of nolo contendere, to a crime.

24 "Department" means Department of Public Health.

1 "Director" means the Director of the Department of Public Health or any individual
2 designated by the Director to act on his or her behalf.

3 "Massage" means any method of pressure on or friction against, or stroking, kneading,
4 rubbing, tapping, pounding, vibrating, or stimulating ~~of~~ the external soft pads of the body with
5 the hands or with the aid of any ~~mechanical-electrical~~ apparatus or appliances, ~~with or without~~
6 ~~such supplementary aids as rubbing alcohol, liniments, antiseptics, oils, powder, lotions, ointments, or~~
7 ~~other similar preparations.~~

8 "Massage Business" means Massage Establishment, Outcall Massage Service, and Sole
9 Practitioner Massage Establishment, collectively.

10 "Massage ~~e~~Establishment" means a fixed place of business where more than one
11 ~~person individual administers~~ engages in or carries on, or permits to be engaged in or carried on, the
12 ~~practice of m~~Massage for Compensation, excluding those locations where Massage is provided only
13 on an outcall basis.

14 "Massage ~~p~~Practitioner" means any individual ~~who, for any monetary consideration~~
15 ~~whatsoever, engages in the practice of massage who administers Massage for Compensation pursuant~~
16 to a permit issued by the Director under this Article 29. Notwithstanding the previous sentence,

17 "Massage ~~p~~Practitioner" ~~shall include both general massage practitioners and advanced massage~~
18 ~~practitioners, as provided in Section 29.2 does not include CAMTC Certified Practitioner.~~

19 "Non-profit organization" means any fraternal, charitable, religious, benevolent, or any other
20 ~~nonprofit organization having a regular membership association primarily for mutual social, mental,~~
21 ~~political, and civic welfare, to which admission is limited to the members and guests and revenue~~
22 ~~accruing therefrom to be used exclusively for the benevolent purposes of said organization and which~~
23 ~~organization or agency is exempt from taxation, under the Internal Revenue Laws of the United States~~
24 ~~as a bona fide fraternal, charitable, religious, benevolent, or non-profit organization.~~

1 "Outcall ~~m~~Massage ~~s~~Service" means any business other than a not permitted as a
2 ~~m~~Massage ~~e~~Establishment or Solo ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment that provides under
3 the provisions of this Article; wherein the primary function of such business is to engage in or carry on
4 ~~m~~Massage for Compensation not at a fixed location but at a location designated by the client or
5 customerrather than on its premises.

6 "Owner" means any individual, partnership, firm, association, corporation, or combination of
7 individuals of whatever form or character with an ownership interest in a business that provides
8 Massage services.

9 "Permittee" means the owner, proprietor, manager, or operator of a massage establishment,
10 outcall massage service, or solo practitioner massage establishment.

11 "Person" means any individual, partnership, firm, association, joint stock company,
12 corporation, or combination of individuals of whatever form or character.

13 "Recognized school for massage" means any school or institution of learning which teaches the
14 theory, ethics, practice, profession, and work of massage, which requires a resident course of study of
15 not less than 100 hours to be completed before the student shall be furnished with a diploma or
16 certificate of graduation, and which has been approved pursuant to California Education Code
17 Sections 94301 et seq., or, if said school or institution is not located in California, has complied with
18 standards commensurate with those required in said Sections 94301 et seq. and has obtained
19 certification under any similar state approval program, if such exists.

20 "Sole Practitioner" means a Massage Practitioner permit holder or CAMTC Certified
21 Practitioner who provides Massage for Compensation without any partners, associates, or employees,
22 and absent any business relationship with a Massage Establishment.

23 "Solo ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment" means a fixed place of business ~~where~~
24 a person holding solely owned by an advanced ~~m~~Massage ~~p~~Practitioner permit holder or CAMTC
25 Certified Practitioner, engages in or carries on, or permits to be engaged in or carried on, the practice

1 ~~of which individual is the only person who provides m~~Massage for Compensation. The business
2 ~~location Said fixed place of business~~ may be shared by two to four ~~advanced m~~Massage
3 ~~p~~Practitioners ~~or CAMTC Certified Practitioners in any combination; or two to four advanced~~
4 ~~massage practitioners and one or more health or healing arts practitioners~~, except as otherwise
5 provided pursuant to Section 29.2914(e).

7 MASSAGE PRACTITIONER PERMITS

8 **SEC. 29.102. PERMIT REQUIRED FOR MASSAGE PRACTITIONER;** 9 **EXEMPTIONS.**

10 (a) Permit Required. It shall be unlawful for any individual ~~who is not certified as a~~
11 ~~massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions~~
12 ~~Code to engage in the practice to administer m~~Massage for Compensation without first obtaining a
13 Massage Practitioner permit from the Director, ~~unless that individual is exempt from the permit~~
14 ~~requirement under subsection (b).~~

15 (b) Exemptions. The following massage service providers are exempt from the permit
16 requirement in subsection (a):

17 (1) CAMTC Certified Practitioners.

18 (2) Physicians, surgeons, chiropractors, osteopaths, nurses or any physical therapists
19 who are duly licensed to practice their respective professions in the State of California and persons
20 working directly under the supervision of or at the direction of such licensed persons, working at the
21 same location as the licensed person, and administering massage services subject to review or
22 oversight by the licensed person.

23 (3) Barbers and cosmetologists who are duly licensed under the laws of the State of
24 California, while engaging in practices within the scope of their licenses, and limited to the massaging
25 of the neck, face, scalp, hands or feet of the clients.

1 (4) Employees of hospitals, nursing homes, mental health facilities, or any other health
2 facilities duly licensed by the State of California, while acting within the scope of their employment.

3 (b) ~~An individual may receive a permit as either a general massage practitioner or an~~
4 ~~advanced massage practitioner, as provided in Section 29.3. As used in this Article, the term "massage~~
5 ~~practitioner" shall refer to both general massage practitioners and advanced massage practitioners,~~
6 ~~unless otherwise specifically provided in this Article.~~

7 (c) ~~A permit is not required where the individual is a licensed or certificated health care~~
8 ~~practitioner practicing massage as part of his or her health care practice. For purposes of this Section,~~
9 ~~"health care practitioner" shall mean any person whose activities are licensed or regulated under~~
10 ~~Division 2 of the California Business and Professions Code or any initiative act referred to in that~~
11 ~~division.~~

12 (d) ~~A permit is not required where the individual is a barber, cosmetologist, esthetician, or~~
13 ~~manicurist licensed or certificated pursuant to Division 3, Chapter 10, of the California Business and~~
14 ~~Professions Code, practicing massage as part of his or her work as a barber, cosmetologist,~~
15 ~~esthetician, or manicurist and within the scope of any relevant state restrictions on the practice of~~
16 ~~massage by members of those professions.~~

17 (e) ~~An individual practicing massage under the direction of a non-profit organization, and the~~
18 ~~organization itself are exempt from permit and license fees under this Article, but the individual and the~~
19 ~~organization must obtain the necessary permits and licenses and otherwise comply with all relevant~~
20 ~~requirements.~~

21 **SEC. 29.113. APPLICATION FOR MASSAGE PRACTITIONER PERMIT ~~;~~ GENERAL**
22 **~~AND ADVANCED PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

23 (a) Permit Application. ~~Unless certified as a massage practitioner or therapist by the CAMTC~~
24 ~~pursuant to the California Business and Professions Code, e~~ Every applicant for a mMessage
25 pPractitioner permit shall:

(1) File an application with the Director upon a form provided by the Director;

(2) Provide a complete set of fingerprints in the manner required by the Director for the purpose of undergoing a criminal background check; and

(3) Pay a non-refundable application fee, as set forth in Section 29.2640.

(b) Applicant Information. The application ~~form for a massage practitioner permit~~ shall require the applicant to provide set forth, under penalty of perjury, the following information:

(1) The applicant's Name and residence address of the applicant;

(2) A unique identifying number from at least one government-issued form of identification, such as a social security card, a state driver's license or identification card, or a passport;

(3) Written evidence that the applicant is at least 18 years of age;

(4) The Applicant's height, weight, and color of hair and eyes;

(5) The applicant's work history Business, occupation, or employment of the applicant for the five years immediately prior to the date of application; this information shall include, but not be limited to, a statement as to whether or not the applicant, in working as a massage practitioner or bodywork technician or similar occupation under a permit or license, has had such permit or license revoked or suspended, and the reasons therefor; and

(6) All permits, certificates, or licenses related to the practice of Massage currently or formerly held by the applicant in San Francisco or elsewhere, including any discipline imposed by the issuing authority and a statement whether the applicant is currently the subject of a disciplinary process; and

(7) All felony or misdemeanor convictions; and

(8) Any additional information as required by the Director.

(c) Minimum Educational Requirements. An applicant for a ~~general m~~ Massage practitioner permit shall provide, ~~as part of the application, the name and address of the recognized~~

1 ~~school for massage attended, the dates attended, and the original of the diploma or certificate of~~
2 ~~completion awarded the applicant, in a form acceptable to the Director, documentation~~ showing that
3 the applicant has completed not less than ~~500~~100 hours of instruction ~~in Massage and related~~
4 ~~subjects at an Approved Massage School. An applicant for an advanced massage practitioner permit~~
5 ~~shall provide, as part of the application, the name and address of the recognized school or schools for~~
6 ~~massage attended, the dates attended, and the original of the diploma(s) or certificate(s) of completion~~
7 ~~awarded the applicant showing that the applicant has completed not less than 200 hours of instruction.~~
8 ~~The additional 100 hours of instruction required for the advanced massage practitioner permit may be~~
9 ~~completed at one or more schools. If the applicant already holds a current general massage~~
10 ~~practitioner permit, he or she need only submit documentation for the additional 100 hours of~~
11 ~~instruction necessary for the advanced massage practitioner permit.~~

12 (d) Proficiency Test. The Director shall administer a ~~culturally sensitive~~ test to all
13 applicants, in ~~each~~ the applicant's own language, to confirm basic proficiency in ~~m~~M Massage
14 before issuing a permit.

15 ~~(e) The Director is hereby authorized to require in the application any other information~~
16 ~~including, but not limited to, any information necessary to discover the truth of the matters set forth in~~
17 ~~the application.~~

18 **SEC. 29.124. ISSUANCE OF MESSAGE PRACTITIONER PERMIT. FOR**
19 **~~PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

20 (a) Time for Decision. Within ~~14~~ days following a hearing, or, if no hearing is held, within
21 60 business days following receipt of a completed application for a ~~m~~M Massage ~~p~~P Practitioner
22 permit, ~~for a practitioner who is not certified as a massage practitioner or therapist by the CAMTC~~
23 ~~pursuant to the California Business and Professions Code~~ the Director shall either issue the permit
24 or mail a written statement of his or her reasons for denial thereof to the applicant. If the
25 Director takes neither action, the permit shall be deemed issued.

1 (b) Hearing on Application. The Director may, in his or her discretion, hold a hearing on any
2 pending application for a Massage Practitioner permit. The Director shall give the applicant at least
3 10 days' written notice of the time and place of the hearing.

4 (c) Grounds for Denial. No mMassage pPractitioner permit shall be issued if the
5 Director finds:

6 (1) The applicant is exempt from the permit requirement pursuant to Section 29.10; or
7 (2) The applicant has provided materially false information, documents, or
8 testimony in support of the application or in any other matter before the Director; or

9 (2) The applicant has not complied fully with the provisions of this Article; or

10 (3) Within five years immediately prior to the date of application, the applicant
11 has had any license, certificate, or permit related to the practice of mMassage revoked or, if
12 from another jurisdiction, suspended under circumstances that qualify for revocation under this Article
13 29, or is currently the subject of an unresolved disciplinary process that may result in suspension or
14 revocation; or

15 (4) The applicant has been eConvicted of any of the following offenses or
16 convicted of an offense outside the State of California that would have constituted any of the following
17 offenses if committed within the State of California:

18 (A) Any felony involving the use of coercion, or force, orand violence
19 upon another person; or

20 (B) Any misdemeanor sexual battery; or

21 (C) Any offense involving sexual misconduct with children; or

22 (D) Any offense requiring registration pursuant to Section 290 of the
23 California Penal Code or, for Convictions outside California, any offense requiring registration in
24 California under Penal Code Section 290.005; or

1 (5) The applicant has failed to satisfy the education requirements or pass the Massage
2 proficiency test; or

3 (6) The Director concludes that there is good cause to deny the permit in accordance
4 with Section 26 of the Business and Tax Regulations Code.

5 (de) Discretionary Exception for Criminal Convictions. The Director may issue a
6 ~~m~~Massage pPractitioner permit to any individual ~~e~~Convicted of one of the offenses listed in
7 ~~s~~subsection (c**b**)(4) of this Section if the Director finds that the offense was not violent, the
8 conviction occurred at least five years prior to the date of application, and the applicant has
9 not been ~~e~~Convicted subsequently of ~~one of those a~~ listed offenses.

10 (ed) Right to Director's Hearing. If an application for a ~~m~~Massage pPractitioner permit is
11 denied, and provided that the Director did not hold a hearing on the application as provided in
12 subsection (b) of this Section 29.12, within 30 days of the date of receipt of the notice of denial, the
13 applicant may appeal the ~~decision~~ denial within 30 days of receipt of the notice of denial by
14 notifying the Director in writing and explaining ~~The notice shall set forth~~ in detail the ground or
15 grounds for the appeal. ~~Within 30 days of receipt of the notice of appeal,~~ The Director shall
16 conduct a hearing to consider the appeal within 30 days of receiving the notice of appeal and ~~At~~
17 ~~least 10 days prior to the hearing, the Director~~ shall notify the applicant of the time and place of
18 the hearing at least 10 days in advance of the hearing. The Director shall oversee the hearing,
19 provide the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days
20 of the conclusion of the hearing. ~~its conclusion.~~ The Director's ruling shall be the final decision of the
21 Department. If the Director does not rule within 30 days of the conclusion of the hearing, the permit
22 denial shall be deemed sustained.

23 **SEC. 29.13~~5~~. TEMPORARY AND TRAINEE MASSAGE PRACTITIONER PERMITS.**
24 **~~TRAINEE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

1 (a) ~~Temporary Permit During Application Period—~~*A practitioner of Massage who holds a*
2 *valid permit, license, or certificate to practice Massage issued by another jurisdiction and who has*
3 *been practicing Massage in that jurisdiction may request a temporary Massage Practitioner permit*
4 *Upon completion and submission of an application for a mMassage pPractitioner permit for a*
5 *practitioner who is not certified as a massage practitioner or therapist by the CAMTC pursuant to the*
6 *California Business and Professions Code, as required in Section 29.3 of this Article, and upon*
7 *payment of all fees for the permit, an applicant may request a temporary massage practitioner*
8 *permit. If requested, the Director shall issue the temporary mMassage pPractitioner permit,*
9 *which is shall be valid for the period during which the application is under review, but in no*
10 *event for more than 60 business days. The Director may revoke the temporary permit at any*
11 *time if he or she finds that the applicant has failed to meet any of the requirements of Section*
12 *29.412 or violated any provision of this Article 29 or any rules or regulations promulgated by the*
13 *Director related to the practice of Massage.*

14 (b) ~~Trainee Permits. The Director may adopt rules and procedures for issuing trainee permits,~~
15 ~~not to exceed three months in duration, to persons who have otherwise successfully completed an~~
16 ~~application for a massage practitioner permit, and who are currently registered in an Approved~~
17 ~~recognized school of massage, and who seek to fulfill the training requirement imposed by the school.~~

18 **SEC. 29.14. EDUCATIONAL MATERIALS.**

19 *The Director shall provide all persons receiving a Massage Practitioner permit with culturally*
20 *and linguistically appropriate educational materials regarding the City and County of San Francisco*
21 *Sanctuary policy, employee rights, and information on a variety of resources, including linkages to*
22 *health services, victim assistance services, and emergency numbers and hotlines to call for information*
23 *and assistance.*

24 **SEC. 29.156. MASSAGE PRACTITIONER IDENTIFICATION CARD. FOR**
25 **PRACTITIONERS NOT CERTIFIED BY THE CAMTC.**

1 The Director shall provide ~~each all m~~Massage Practitioners ~~granted a permit, who are not~~
2 ~~certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and~~
3 ~~Professions Code, with a photo identification card. Massage establishments must post practitioner~~
4 ~~identification cards at all times in a public area for all massage practitioners working at any massage~~
5 ~~establishment or solo practitioner massage establishment. The Massage Practitioner must present the~~
6 identification card ~~must be presented~~ to any City health inspector or law enforcement officer
7 upon request. ~~at all times during the regular business hours of any massage establishment or solo~~
8 ~~practitioner massage establishment.~~

9 **SEC. 29.167. MESSAGE PRACTITIONER ANNUAL LICENSE FEE.**

10 Every mMassage pPractitioner shall pay to the Tax Collector an annual license fee; as
11 set forth in Section 29.2640.

12 **SEC. 29.17. MESSAGE PRACTITIONER CONDUCT REQUIREMENTS.**

13 (a) Required Attire. Massage Practitioners shall remain fully clothed while administering
14 massage or otherwise visible to clients on business premises, including premises designated by the
15 client through an Outcall Massage Service. The Massage Practitioner's attire shall not include:
16 (1) attire that is transparent, see-through, or that substantially exposes the Practitioner's
17 undergarments; (2) swim attire, unless the Practitioner is providing a water-based massage modality
18 that has been approved by CAMTC; or (3) attire that exposes the individual's breasts, buttocks, or
19 genitals.

20 (b) Lewd Conduct Prohibited. Massage Practitioners shall not engage in lewd conduct on
21 business premises, including locations designated by the client through an Outcall Massage Service.
22 Lewd acts include, but are not limited to: the performance of acts or simulated acts of sexual
23 intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or vaginal), or flagellation; the
24 actual or simulated caressing or fondling by one adult human being of the anus or genitals of another

adult human being; the actual or simulated displaying of the pubic hair, anus, vagina, penis, vulva, buttocks, areola, or any other external genitalia of the human body.

SEC. 29.18. SUSPENSION OR REVOCATION OF MESSAGE PRACTITIONER PERMIT., FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

(a) Grounds for Suspension or Revocation. The Director may revoke or suspend any ~~m~~Message ~~p~~Practitioner permit for a practitioner who is not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code, after a public hearing, if the Director finds:

(1) Facts sufficient to support denial of a Massage Practitioner permit on any ground set forth in Section 29.12 The Massage Practitioner has willfully violated any of the provisions of this Article; or

(2) The Massage Practitioner has violated the conduct requirements in Section 29.17 The massage practitioner has provided materially false documents or testimony; or

(3) The Director finds that there is good cause to suspend or revoke the permit in accordance with Section 26 of the Business and Tax Regulations Code Within five years immediately prior to the date of application, the massage practitioner has had any license or permit related to the practice of massage revoked; or

(4) The ~~m~~Message ~~p~~Practitioner has violated any of the provisions of this Article 29 or a rule or regulation adopted by the Director related to the practice of Massage.

(b) Hearing. A Massage Practitioner who has been cited by the Department for a violation of any provision of this Article 29 shall be scheduled to appear at a hearing before the Director. Before any hearing is conducted under this Section, tThe Director shall provide the ~~m~~Message ~~p~~Practitioner at least 2010 days' written notice. ~~The notice shall include~~ of the time, place, and grounds for the hearing. If requested by the ~~m~~Message ~~p~~Practitioner, the Director shall make available all documentary evidence against him or her within five two-business days of the

1 request no later than 15 days prior to the hearing. If the Director does not provide the requested
2 documentary evidence within five days, the Massage Practitioner may request, and the Director shall
3 grant, a continuance of the hearing date. At the hearing, the ~~m~~Massage pPractitioner shall be
4 provided an opportunity to refute all evidence against him or her. The Director shall oversee
5 the hearing and issue a ruling within ~~2030~~ days of ~~its~~ the conclusion of the hearing. If the
6 Director fails to issue a ruling within this time period, the permit shall not be suspended or revoked.
7 The Director's ruling shall be the final decision of the Department.

8 (c) Summary Suspension. The Director may suspend summarily any ~~m~~Massage
9 pPractitioner permit issued under this Article 29 pending a noticed suspension or revocation
10 hearing ~~on revocation or suspension~~ when, in the opinion of the Director, the public health or
11 safety requires such summary suspension. The Director Any affected permittee shall provide be
12 given written notice of such summary suspension to the Massage Practitioner by hand delivery in
13 writing delivered to said permittee in person or by registered mail-letter.

14 MESSAGE BUSINESS PERMITS

15 SEC. 29.9. REGISTRATION OF MESSAGE ESTABLISHMENTS THAT EMPLOY ONLY 16 CAMTC CERTIFIED PRACTITIONERS.

17 (a) ~~All message establishments that employ only message practitioners who are certified by~~
18 ~~the CAMTC pursuant to the California Business and Professions Code, must provide copies of those~~
19 ~~certificates, and the home and work addresses of those message practitioners to the San Francisco~~
20 ~~Department of Public Health for all message practitioners employed by the establishment. The~~
21 ~~message establishment must provide notice of any changes within thirty (30) days.~~

22 (b) ~~All message establishments that employ only message practitioners who are certified by~~
23 ~~CAMTC must notify the Department if any CAMTC-certified message practitioner loses their CAMTC~~
24 ~~certification.~~

1 ~~(c) Any massage establishment that employs any massage practitioner who is not certified by~~
2 ~~CAMTC must obtain a permit to operate a massage establishment from the San Francisco Department~~
3 ~~of Public Health in accordance with this Article 29.~~

4 ~~(d) Upon notice from CAMTC, that the CAMTC certification of a massage practitioner has~~
5 ~~been suspended or revoked, the Department shall send written notice to the massage establishment that~~
6 ~~it must obtain a permit from the San Francisco Department of Public Health in order to continue to~~
7 ~~operate, and that it must apply for the permit within thirty (30) days of the notice. Failure to either~~
8 ~~apply for a San Francisco permit or to regain exempt status by employing only CAMTC-certified~~
9 ~~massage practitioners within thirty (30) days, may result in administrative penalties as set forth in this~~
10 ~~Article 29, Section 29.27.~~

11 **SEC. 29. 2510. MESSAGE BUSINESS PERMIT REQUIRED; EXEMPTIONS. FOR A**
12 **MESSAGE ESTABLISHMENT, SOLO PRACTITIONER; MESSAGE ESTABLISHMENT, OR**
13 **OUTCALL MESSAGE SERVICE, EXEMPTIONS FOR PRACTITIONERS NOT CERTIFIED BY**
14 **THE CAMTC.**

15 (a) Permit Required. It shall be unlawful for any person Owner of a Massage Establishment,
16 Sole Practitioner Massage Establishment, or Outcall Massage Service to operate that Massage
17 Business engage in, conduct, or carry on, or to permit to be engaged in, conducted, or carried on, in or
18 upon at any location premises in the City the operation of a massage establishment, solo-practitioner
19 massage establishment, or outcall massage service without first obtaining a permit for such Massage
20 Business from the Director. In the event that a business owner or operator disclaims that the business
21 is a Massage Business, the Director may hold a hearing to determine whether a permit under this
22 Section 29.25 is required, unless all persons employed by that establishment or service are certified as
23 massage practitioner(s) or therapist(s) by the CAMTC pursuant to the California Business and
24 Professions Code.

1 (b) Exemptions. The following businesses may provide Massage services without obtaining a
2 Massage Business permit:

3 (1) Businesses providing Massage services performed solely by physicians, surgeons,
4 chiropractors, osteopaths, nurses or any physical therapists who are duly licensed to practice their
5 respective professions in the State of California and persons working directly under the supervision of
6 or at the direction of such licensed persons, working at the same location as the licensed person, and
7 administering massage services subject to review or oversight by the licensed person.

8 (2) Businesses providing Massage services performed solely by barbers or
9 cosmetologists who are duly licensed under the laws of the State of California, while engaging in
10 practices within the scope of their licenses, and limited to the massaging of the neck, face, scalp, hands
11 or feet of the clients.

12 (3) Hospitals, nursing homes, mental health facilities, or any other health facilities duly
13 licensed by the State of California, providing Massage services performed solely by their employees
14 acting within the scope of their employment.

15 ~~(b) Hospitals, nursing homes, and other State-licensed health care facilities providing massage~~
16 ~~services to their patients shall not be required to obtain a permit under this Section, where the services~~
17 ~~are provided by a licensed or certificated health care practitioner or an individual practicing massage~~
18 ~~under the direction of a health care practitioner. For purposes of this Section, "health care~~
19 ~~practitioner" shall mean any person whose activities are licensed or regulated under Division 2 of the~~
20 ~~California Business and Professions Code or any initiative act referred to in that division.~~

21 ~~(c) A permit shall not be required under this Section where the services are provided on the~~
22 ~~premises (1) by a licensed or certificated health care practitioner or (2) by a barber, cosmetologist,~~
23 ~~esthetician, or manicurist, licensed or certificated pursuant to Division 3, Chapter 10, of the California~~
24 ~~Business and Professions Code, practicing massage as part of his or her work as a barber,~~
25 ~~cosmetologist, esthetician, or manicurist, and within the scope of any relevant state restrictions on the~~

1 practice of massage by members of those professions. A non-profit organization providing massage
2 services on its premises, and the individuals providing the massage services, are exempt from permit
3 and license fees under this Article, but the organization and the individuals must obtain the necessary
4 permits and licenses and otherwise comply with all relevant requirements.

5 (c) *Previously Exempt Massage Businesses.* A Massage Business previously exempt from the
6 Massage Business permit requirement under prior Section 29.9 but not currently exempt under
7 subsection (b) of this Section 29.25 may continue to operate without a permit until its application for a
8 permit is submitted and decided; provided that the Owner submits a completed application within 90
9 days of the effective date of the ordinance deleting former Section 29.9; and further provided that the
10 Massage Business complies with all provisions of this Article 29 and any rules and regulations that
11 apply to Massage Businesses during the interim period in which it operates without a permit. The
12 Director may conduct a public hearing on the application, as provided in Section 29.29(b). The
13 Director may deny the application for a Massage Business permit on any ground enumerated in
14 Sections 29.29 and 29.33, grant the permit, or grant the permit with conditions.

15 **SEC. 29.26H. APPLICATION FOR MESSAGE ESTABLISHMENT, SOLE**
16 **PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE**
17 **PERMIT. ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

18 (a) *Application Requirements.* Unless all massage practitioners or therapists providing
19 services are certified as a massage practitioner or therapist by CAMTC pursuant to the California
20 Business and Professions Code, every applicant To apply for a mMessage eEstablishment, sSolo
21 pPractitioner mMessage eEstablishment, or oOutcall mMessage sService permit, the Owner
22 shall:

- 23 (1) File an application with the Director upon a form provided by the Director;
24 (2) Provide a complete set of fingerprints in the manner required by the Director
25 from any person with an ownership interest in the Massage Business, through the Live Scan process, or

1 ~~any comparable successor technology~~, for the purpose of a undergoing a criminal background
2 check; and

3 (3) ~~p~~Pay a non-refundable application fee, as set forth in Section 29.2641; ~~and~~

4 (4) Permit inspection of any Massage facilities proposed to be operated under the
5 permit by all relevant City departments.

6 (b) Applicant Information. The application form shall require the applicant to provide set
7 forth, under penalty of perjury, the following information:

8 (1) The name(s), address(es), and any other identifying information regarding the
9 Owner(s) as requested by the Director;

10 (12) The exact nature A description of the all services to be rendered by the
11 Massage Business;

12 (23) The address of the proposed place of business any facilities proposed to be
13 operated under a Massage Establishment or Sole Practitioner Massage Establishment permit facilities
14 thereof, and a copy of the rental agreement or lease showing the names of the landlord and all
15 of the tenants or lessees who are parties to the rental agreement; or, if the Owner owns the
16 premises, a copy of the deed and a disclosure of any other person or entity with a shared ownership
17 interest in the premises;

18 (34) The number of individuals to be employed by the Massage bBusiness, and,
19 except in the case of a sole Sole massage pPractitioner Massage eEstablishment, the names and
20 permit or certificate numbers of any #Massage pPractitioners or CAMTC Certified Practitioners
21 who shall operate under that permit;

22 (4) The name, residence address, and date of birth of each applicant;

23 (5) Any history of previous massage All permits, certificates, or licenses related to
24 the practice of Massage or the operation of a Massage Establishment or Massage service, currently or
25 formerly held by an Owner, issued in San Francisco or issued by CAMTC or elsewhere, including

1 any discipline imposed by the issuing authority and a statement whether the permit holder is currently
2 the subject of a disciplinary process, including whether any such permit or license has been revoked
3 and the reasons therefor, for each applicant; and

4 (6) All felony or misdemeanor convictions for the applicant each person with an
5 ownership interest in the Massage Business, within the preceding ten years, including, but not limited
6 to, felony sexual assault; sexual battery (Cal. Penal Code 243.4); rape (Cal. Penal Code 261);
7 statutory rape (Cal. Penal Code 261.5); prostitution offenses related to pimping (Cal. Penal Code 266
8 and applicable subsections); pandering (Cal. Penal Code 266i); sex crimes for which registration is
9 required under the Sex Offender Registration Act (Cal. Penal Code 290); keeping or residing in house
10 of ill fame (Cal. Penal Code 315); keeping disorderly house (Cal. Penal Code 316); human trafficking
11 (Cal. Penal Code 236.1); convictions in any other state of any offense which, if committed or attempted
12 in this state, would have been punishable as one or more of the referenced offenses of this subdivision;
13 and, conspiracy or attempt to commit any such offense described in the subsections above; and

14 (e7) Any additional information as required by the The Director, is hereby authorized
15 to require in the application any other information including, but not limited to, information related to
16 the health, hygiene, and sanitation of the premises. and any information necessary to confirm the
17 accuracy of the matters set forth in the application.

18 (e) The Director is hereby authorized to require in the application any other information
19 including, but not limited to, information related to the health, hygiene, and sanitation of the premises
20 and any information necessary to confirm the accuracy of the matters set forth in the application.

21 (cd) Organizational Owners. If an applicant for a massage the Owner of the Massage
22 eEstablishment or oOutcall mMassage sService permit is or includes a corporation, the name of
23 the corporation shall be set forth exactly as shown in its articles of incorporation together with
24 the names and residence addresses of each of the officers, directors, and each stockholder
25 holding more than 10 percent of the stock of the corporation. If the Owner application is or

1 includes a partnership, the application shall set forth the name and the residence address of
2 each of the partners, including limited partners. If one or more of the partners is a
3 corporation, the provisions of this ~~Section subsection 29.26(c)~~ pertaining to corporate applicants
4 applies. The applicant shall provide the same permit and criminal history information required of
5 ~~individual applicants, set forth~~ in subsections (a)(2), (b)(1), (b)(5), and (b)(6) of this Section 29.26-
6 ~~above~~ for each officer, director, and stockholder holding more than 10 percent of the stock of
7 the corporation, or for each partner, including limited partners.

8 (de) Proof of Massage Practitioner Permit or CAMTC Certification for Sole Practitioners. In
9 addition to the information required under subsections (b) ~~and (e)~~ of this Section 29.26, an
10 applicant for a ~~sole~~ Sole pPractitioner ~~m~~Massage ~~e~~Establishment permit shall provide proof that
11 he or she holds a current, valid ~~advanced m~~Massage ~~p~~Practitioner permit or CAMTC certificate,
12 issued by the Director under Section 29.2.

13 (ef) Massage Establishment Compliance with Planning Code Notice Requirement. An
14 Applicants for a Massage Establishment permit shall also submit proof of compliance with any
15 applicable Planning Code requirements regarding notice and posting of the proposed Massage
16 eEstablishment.

17 (g) An advanced massage practitioner holding a solo practitioner massage establishment
18 permit shall not be required to pay any additional permit fee for an outcall massage service permit.

19 (h) Within 14 days following a hearing, or, if no hearing is held, within 60 business days
20 following receipt of a completed application for a permit for a massage establishment that does not
21 solely employ practitioners certified as a massage practitioner or therapist by the State of California
22 pursuant to the California Business and Professions Code the Director shall either issue the permit or
23 mail a written statement of his or her reasons for denial thereof to the applicant. If the Director takes
24 neither action, the permit shall be deemed issued.

25 (i) No massage establishment permit shall be issued if the Director finds:

1 (1) ~~The applicant has provided materially false documents or testimony; or~~

2 (2) ~~The applicant has not complied fully with the provisions of this Article; or~~

3 (3) ~~Within five years immediately prior to the date of application, the applicant has had~~
4 ~~any license or permit related to the operation of a massage establishment revoked by the City, another~~
5 ~~City or County, or by the CAMTC; or~~

6 (4) ~~The applicant has been convicted of any of the following offenses or convicted of an~~
7 ~~offense outside the State of California that would have constituted any of the following offenses if~~
8 ~~committed within the State of California, within the last five years: felony sexual assault; sexual battery~~
9 ~~(Cal. Penal Code 243.4); rape (Cal. Penal Code 261); statutory rape (Cal. Penal Code 261.5);~~
10 ~~prostitution offenses related to pimping (Cal. Penal Code 266 and applicable subsections); pandering~~
11 ~~(Cal. Penal Code 266i); sex crimes for which registration is required under the Sex Offender~~
12 ~~Registration Act (Cal. Penal Code 290); keeping or residing in house of ill fame (Cal. Penal Code 315);~~
13 ~~keeping disorderly house (Cal. Penal Code 316); supervision of a prostitute (Cal. Penal Code 652.23);~~
14 ~~human trafficking (Cal. Penal Code 236.1); convictions in any other state of any offense which, if~~
15 ~~committed or attempted in this state, would have been punishable as one or more of the referenced~~
16 ~~offenses of this subdivision; and, conspiracy or attempt to commit any such offense described in the~~
17 ~~subsections above; or;~~

18 (5) ~~A massage establishment permit at the same location was revoked within the prior~~
19 ~~24 months.~~

20 ~~(f) If an application for a massage practitioner permit is denied, within 30 days of the date of~~
21 ~~receipt of the notice of denial, the applicant may appeal the decision by notifying the Director in~~
22 ~~writing. The notice shall set forth in detail the ground or grounds for the appeal. Within 30 days of~~
23 ~~receipt of the notice of appeal, the Director shall conduct a hearing to consider the appeal. At least 10~~
24 ~~days prior to the hearing, the Director shall notify the applicant of the time and place of the hearing.~~

1 *The Director shall oversee the hearing, provide the applicant an opportunity to speak at the hearing,*
2 *and issue a ruling within 30 days of its conclusion. The Director's ruling shall be final.*

3 **SEC. 29.2742. OPERATING REQUIREMENTS FOR ALL MASSAGE FACILITIES,**
4 **ESTABLISHMENTS.**

5 *All proposed massage facilities* ~~*All massage establishments*~~ must comply with the following
6 ~~*reasonable health and safety*~~ requirements:

7 (a) Toilet Rooms and Other Rooms. Toilet rooms shall be provided for ~~patrons~~ clients in
8 convenient locations.

9 (1) Construction of rooms used for toilets, as well as rooms used for, tubs,
10 steam baths, and showers shall be made waterproof with hard nonabsorbent materials ~~which~~
11 that are easily cleaned and shall be installed in accordance with the San Francisco Building
12 Code.

13 (2) Plumbing fixtures in toilet rooms as well as rooms used for, tubs, steam
14 baths, and showers shall be installed in accordance with the San Francisco Plumbing Code.

15 (3) Urinals may be substituted for toilets after one toilet has been provided.

16 (4) Doors to toilet rooms shall open inward and be self-closing.

17 ~~(5) Toilet rooms shall be designated as to the gender accommodated therein.~~

18 (b) Handwashing Facilities. Handwashing facilities shall be provided within or adjacent
19 to the toilet rooms and shall be equipped with an adequate supply of hot and cold running
20 water under pressure.

21 (1) ~~Lavatories or wash basins~~ Handwashing facilities must ~~have~~ provide soap in a
22 dispenser and sanitary towels.

23 (2) Handwashing facilities shall be readily accessible to ~~the~~ massage
24 practitioners.
25

(c) Light and Ventilation. All portions of the ~~message-~~Establishment shall be provided with adequate light ~~and ventilation~~ by means of windows, ~~or skylights, or with an area of not less than of the total floor area, or shall be provided with~~ an approved artificial light. Adequate ventilation shall be provided by means of windows or ~~and~~ a mechanical operating ventilating system.

(1) Toilet, dressing, and massage rooms shall be provided with at least 108 lux (10 foot candles) of light.

(2) All electrical equipment shall be installed in accordance with the requirements of the San Francisco Electrical Code.

~~(d) A room, enclosure, or designated area shall be provided where patrons can change and store their clothes.~~

~~(e) A room, enclosure, or designated area, which is separate from the toilet, massage room(s), steam room, or other common areas shared by the patrons shall be made available for each employee.~~

~~(f) Every portion of a massage establishment, including appliances and apparatus, shall be kept clean and operated in a sanitary condition.~~

~~—— (1) Adequate and suitable space shall be provided for storage of clean linens, including, but not limited to, sheets, towels, apparel.~~

~~—— (2) Every massage establishment shall provide clean laundered sheets and towels and shall launder them after each use and store them in a sanitary manner.~~

~~—— (3) No towels or sheets shall be laundered or dried in any massage establishment unless such massage establishment is provided with laundry facilities for such laundering and drying.~~

~~—— (4) The massage establishment shall provide smooth, cleanable appropriately labeled receptacles for the storage of soiled linens and paper towels.~~

~~—— (5) The massage establishment shall appropriately bag and dispose of soiled refuse.~~

1 — (6) Every massage establishment shall thoroughly clean its wet and dry heat rooms,
2 shower compartments, and toilet rooms each business day.

3 — (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.

4 (g) Any room in which a massage establishment provides massage services shall not be used
5 for residential or sleeping purposes; provided, however, that the Director may allow such room to be
6 used for residential or sleeping purposes if the Director finds that the health and safety of the patrons
7 of the massage establishment will not be jeopardized.

8 (h) Massage practitioners shall not engage in lewd or lascivious acts on the premises of a
9 massage establishment during business hours, including but not limited to: the performance of acts, or
10 simulated acts, of sexual intercourse, masturbation, sodomy, bestiality, copulation (oral, anal or
11 vaginal), flagellation; the actual or simulated caressing or fondling by one adult human being of the
12 anus or genitals of another adult human being; the actual or simulated displaying of the pubic hair,
13 anus, vagina, penis, vulva, buttocks, areola, or any other external genitalia of the human body.

14 (i) Massage practitioners shall be fully clothed in clean, non-transparent clothing at all times
15 that shall not expose their genitals, pubic area, buttocks or chest, nor shall the operator of a massage
16 business allow or permit any person providing services at the massage establishment to dress in non-
17 conforming clothing

18 (j) Massage Establishment interior and exterior doors shall remain unlocked during business
19 hours except in establishments where all practitioners are certified by the CAMTC, when there is no
20 staff available to ensure security for clients and massage staff who are behind closed doors.

21 (k) No alcoholic beverages or drugs may be sold, served, used, or possessed on the premises of
22 any massage establishment during business hours. "Alcoholic beverage" includes a mixture of one or
23 more alcoholic beverages ingested separately or as a mixture as defined in Section 23004 of the
24 California Business and Professions Code. "Drug" shall include all narcotics, drugs, or controlled
25

substances as defined in Chapter 2 (commencing with Section 11053) of Division 10 of the California Health and Safety Code.

~~(4) Unless the massage establishment operator and all practitioners are CAMTC certified, the operator of the massage establishment must post a notice informing the public and victims of human trafficking of telephone hotline numbers to seek help or report unlawful activity in English, Spanish, Cantonese and Vietnamese, and other appropriate languages as determined by the Department in a conspicuous place near the public entrance of the massage establishment or in another conspicuous location in clear view of the public and employees where similar notices are customarily posted pursuant to Cal. Civil Code Section 52.6.~~

SEC. 29.2843. REFERRAL OF MASSAGE ESTABLISHMENT AND SOLE PRACTITIONER MASSAGE ESTABLISHMENT PERMIT APPLICATIONS TO OTHER DEPARTMENTS; POLICE DEPARTMENT NOTIFICATION, ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~

(a) Code Compliance. The Director, within 10 days of receiving an application for a permit to operate a ~~m~~Massage ~~e~~Establishment or ~~sole~~ Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment ~~permit where one or more practitioners are not certified as a massage practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code,~~ shall refer the application to the City Department of Building Inspection and the City Police, Fire, and Planning Departments. Said departments shall inspect the premises facilities proposed to be operated as a ~~m~~Massage ~~e~~Establishment or a ~~sole~~ Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment and shall make written findings to the Director concerning compliance with codes that they administer.

(b) Law Enforcement. The Director shall notify the Police Department of all approved and denied Massage Business permit applications.

1 **SEC. 29.2914. ISSUANCE OF MESSAGE ESTABLISHMENT, SOLE**
2 **PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE**
3 **PERMIT. ~~FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.~~**

4 (a) ~~Within 14 days following a hearing, or, if no hearing is held, within~~ 60 business days,
5 following receipt of a completed application for a ~~Message Business establishment permit, or,~~
6 ~~for applications subject to referral under Section 29.28, within 30 days of receiving all written findings,~~
7 ~~whichever is later, solo practitioner message establishment, or outcall message service permit where~~
8 ~~one or more practitioners are not certified as a message practitioner or therapist by the CAMTC~~
9 ~~pursuant to the California Business and Professions Code;~~ the Director shall either issue the permit
10 or mail a written statement of his or her reasons for denial thereof to the applicant. If the
11 Director takes neither action, the permit shall be deemed issued.

12 (b) Hearing on Application. *The Director may, in his or her discretion, hold a hearing on any*
13 *pending application for a Message Establishment, Sole Practitioner Message Establishment, or Outcall*
14 *Message Service permit. The Director shall give the applicant at least 10 days' written notice of the*
15 *time and place of the hearing.*

16 (c) No ~~Message e~~Establishment, ~~s~~Sole ~~p~~Practitioner ~~m~~Message ~~e~~Establishment, or
17 ~~o~~Outcall ~~m~~Message ~~s~~Service permit shall be issued if the Director finds:

18 (1) The applicant has provided materially false information, documents, or
19 testimony in support of the application or in any other matter before the Director; or

20 (2) The facilities operation as proposed by the applicant would not comply with
21 all applicable laws including, but not limited to, the facilities requirements set forth in Section
22 29.27, the City Building, Planning, Housing, and Fire Codes, or any rule or regulation related to
23 Message facilities adopted by the Director pursuant to this Article 29; or

24 (3) Within one year prior to the application, the applicant has had any license or
25 permit of any kind suspended or revoked by the Director; or

(4) Within five years immediately prior to the date of application, the applicant has had any license, certificate, or permit related to the practice of ~~m~~Massage or operation of a Massage Establishment or Massage service revoked; or

(5) The applicant ~~and any other individual who will be directly engaged in the management and operation of the massage establishment, solo practitioner massage establishment, or outcall massage service~~ has been ~~e~~Convicted of any of the following offenses ~~or convicted of an offense outside the State of California that would have constituted any of the following offenses if committed within the State of California:~~

(A) Any felony involving the use of coercion, ~~or force,~~ and or violence upon another person; or

(B) Any misdemeanor sexual battery; or

(C) Any offense involving sexual misconduct with children; or

(D) Pimping or pandering; or

(E) Any offense related to human trafficking; or

(F) Any offense requiring registration pursuant to Section 290.49 of the California Penal Code; or, for offenses committed outside California, any offense requiring registration in California pursuant to Penal Code Section 290.005; or

(6) The Director revoked permission to operate a Massage Business at the same location within the prior 12 months; or

(7) The Director concludes there is good cause to deny the permit in accordance with Business and Tax Regulations Code Section 26; or

(8) The Director finds that the premises or the Massage Business will be or is being managed, conducted, or maintained in such a manner as to endanger the health and safety of the employees or clients, or to coerce any employee to engage in illegal conduct.

1 ~~(de)~~ Discretionary Exception for Criminal Convictions. The Director may issue a permit
2 otherwise authorized under this Section to any ~~individual~~ Owner ~~e~~Convicted of one of the
3 offenses listed in ~~S~~subsection ~~(c)(5)~~ ~~(b)(4)~~ of this Section ~~29.29~~ if the Director finds that the
4 offense was not violent, the conviction occurred at least five years prior to the date of
5 application, and the applicant has not been convicted subsequently of any of the listed ~~one of~~
6 ~~those~~ offenses.

7 ~~(d) The Director may refuse to issue any permit authorized under this Section in any case~~
8 ~~where there is reasonable grounds to determine that the premises or the business will be or are being~~
9 ~~managed, conducted, or maintained in such a manner as to endanger the health or safety of the~~
10 ~~employees or patrons thereof or to coerce any employee to engage in any illegal conduct.~~

11 ~~(e)~~ Sole Practitioner Massage Establishments. Notwithstanding the provisions of Section
12 29.45, the Director may issue a ~~sole~~ Sole pPractitioner ~~m~~Message eEstablishment permit
13 authorizing more than four ~~sole m~~Message pPractitioners or CAMTC Certified Practitioners to
14 operate out of the same ~~place of business~~ location if the Director finds good cause exists and
15 the operation of the Sole Practitioner Massage eEstablishment will not have a negative impact
16 on the neighborhood.

17 ~~(f)~~ Right to Director's Hearing. If an application for ~~a~~ a Massage Establishment, Sole
18 Practitioner Massage Establishment, or an Outcall Massage Service permit ~~authorized under this~~
19 ~~Section~~ is denied, and provided that the Director did not hold a hearing on the application as
20 provided in subsection (b) of this Section, the applicant may appeal the denial within 30 days ~~of the~~
21 ~~date of receipt of the notice of denial, the applicant may appeal the decision~~ by notifying the
22 Director in writing and explaining. ~~The notice shall set forth in detail~~ the ground or grounds for the
23 appeal. Within 30 days of receipt of the notice of appeal, the Director shall conduct a hearing
24 to consider the appeal. At least 10 days prior to the hearing, the Director shall notify the
25 applicant of the time and place of the hearing. The Director shall oversee the hearing, provide

1 the applicant an opportunity to speak at the hearing, and issue a ruling within 30 days of ~~its~~ the
2 conclusion of the hearing. If the Director fails to rule within this time period, the permit denial shall
3 be deemed sustained. The Director's ruling shall be the final decision of the Department.

4 **SEC. 29.30. ANNUAL LICENSE FEE.**

5 Every Massage Establishment, Sole Practitioner Massage Establishment, or Outcall Massage
6 Service permit holder shall pay to the Tax Collector an annual license fee as set forth in Section 29.41.

7 ~~SEC. 29.15. EMPLOYMENT OF MESSAGE PRACTITIONERS.~~

8 ~~It shall be the responsibility of every operator of a massage business or outcall massage~~
9 ~~service, or the employer of any individual purporting to act as a massage practitioner, to ensure that~~
10 ~~such individual is certified as a massage practitioner or therapist by the CAMTC pursuant to the~~
11 ~~California Business and Professions Code or has obtained a permit pursuant to this Article.~~

12 ~~SEC. 29.16. REGISTER OF EMPLOYEES.~~

13 ~~The operator of a massage establishment, solo practitioner massage establishment, or outcall~~
14 ~~massage service must maintain a register of all individuals employed as massage practitioners and~~
15 ~~their CAMTC certificate or Department permit numbers. Such register shall be available for inspection~~
16 ~~by the Department of Public Health at all times during regular business hours.~~

17 ~~SEC. 29.17. EMPLOYMENT OF PERSONS UNDER THE AGE OF 18 PROHIBITED.~~

18 ~~It shall be unlawful for any permittee to employ any individual who is not at least 18 years of~~
19 ~~age.~~

20 ~~SEC. 29.18. DISPLAY OF PERMIT; HOURS OF OPERATION.~~

21 ~~(a) Every permit to operate a massage establishment or solo practitioner massage~~
22 ~~establishment shall be displayed in a conspicuous place within the establishment so that the permit may~~
23 ~~be readily seen by individuals entering the premises. Every permit to operate an outcall massage~~
24 ~~service must be made available for inspection by the Department of Public Health at all times while~~
25 ~~providing massage services.~~

1 (b) No massage establishment, solo practitioner massage establishment, or outcall massage
2 service shall operate or provide massage services during the hours between 10:00 p.m. and 7:00 a.m.

3 **SEC. 29.31. OPERATING REQUIREMENTS.**

4 Massage Establishments, Sole Practitioner Massage Establishments, and Outcall Massage
5 Services must comply with the following operating requirements to the extent applicable:

6 (a) Cleanliness and Hygiene. Massage facilities, including all appliances and apparatuses,
7 shall be kept clean and operated in a sanitary condition.

8 (1) Adequate and suitable space shall be provided for storage of clean linens,
9 including, but not limited to, sheets, towels, and apparel.

10 (2) Clean sheets and towels shall be provided, laundered after each use, and stored in
11 a sanitary manner.

12 (3) No towels or sheets shall be laundered or dried on the premises in the absence of
13 suitable laundry facilities.

14 (4) Smooth, cleanable, and appropriately labeled receptacles for the storage of soiled
15 linens and towels shall be provided.

16 (5) Soiled refuse shall be appropriately bagged and disposed of.

17 (6) Wet and dry heat rooms, shower compartments, and toilet rooms shall be
18 thoroughly cleaned each business day.

19 (7) Bathtubs shall be thoroughly cleaned and sanitized after each use.

20 (b) Changing Area. A room, enclosure, or designated area shall be provided where clients
21 can change and store their clothes.

22 (c) Employee Area. A room, enclosure, or designated area that is separate from the toilet,
23 massage room(s), steam room, or other common areas shared by the clients shall be made available to
24 employees at all times.

1 (d) Employment of Minors Prohibited. It shall be unlawful to employ any individual who is not
2 at least 18 years of age.

3 (e) Register of Practitioners. Every Massage Establishment or Outcall Massage Service that
4 hires or contracts with individuals to provide Massage services shall ensure at all times that each such
5 individual holds a valid and current Massage Practitioner permit or CAMTC certificate. The Massage
6 Establishment or Outcall Massage Service shall maintain a register of practitioners that includes each
7 practitioner's permit or CAMTC certificate number, which shall be available for inspection by the
8 Department at all times.

9 (f) Practitioner Conduct. Massage Establishments shall be responsible for the conduct of all
10 individuals providing Massage for Compensation on their business premises and shall ensure that such
11 individuals do not wear improper attire or engage in lewd conduct as set forth in Section 29.17.

12 (g) Doors to Remain Unlocked. Massage Establishment interior and exterior doors shall
13 remain unlocked while the Massage Establishment is open. Exterior doors may remain locked if the
14 Massage Establishment is owned by one individual with no more than one employee or independent
15 contractor.

16 (h) No Alcohol or Illegal Drugs Permitted on Premises. No alcoholic beverages or drugs may
17 be sold, served, used, or possessed on business premises during business hours. "Alcoholic beverage"
18 includes a mixture of one or more alcoholic beverages ingested separately or as a mixture as defined in
19 Section 23004 of the California Business and Professions Code. "Drug" shall include all narcotics,
20 drugs, or controlled substances as defined in Chapter 2 (commencing with Section 11053) of Division
21 10 of the California Health and Safety Code.

22 (i) Human Trafficking Information Notices. Massage Establishments must comply with the
23 requirements of California Civil Code Section 52.6. The required notices of human trafficking
24 information and telephone hotline numbers shall be posted in English, Spanish, Cantonese,
25 Vietnamese, and other appropriate languages as determined by the Department.

1 (j) Residential Use. Massage facility premises shall not be used as a sleeping room or for any
2 other residential purpose.

3 (k) Establishment Permit to be Displayed. Every permit to operate a Massage Establishment
4 or Sole Practitioner Massage Establishment shall be displayed in a conspicuous place within the
5 Establishment such that the permit may be readily seen by individuals entering the premises.

6 (l) Outcall Massage Service Permit Subject to Inspection. Every permit to operate an Outcall
7 Massage Service must be made available for inspection by the Department at all times while providing
8 Massage services.

9 (m) Hours of Operation. No Massage Business shall operate or provide Massage services
10 during the hours between 10:00 p.m. and 7:00 a.m.

11 **SEC. 29.3219. INSPECTION.**

12 ~~(a)~~ Any member of the Department ~~of Public Health~~ may ~~make an inspection of any~~
13 ~~m~~Massage ~~e~~Establishment or ~~s~~Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment ~~in the City for the~~
14 ~~purpose of determining that to determine whether~~ the ~~e~~Establishment is ~~operating~~ in compliance
15 with the provisions of ~~s~~State law or this Article 29, or for the purpose of providing ~~health and~~
16 ~~safety information~~ ~~educational materials~~ to employees of the ~~e~~Establishment ~~in culturally and~~
17 ~~linguistically appropriate languages regarding the City and County of San Francisco Sanctuary City~~
18 ~~policy, employee rights, and information on a variety of resources, including linkage to health care~~
19 ~~services, victim services, and emergency numbers and hotlines to call for information and assistance.~~
20 The Director shall adopt regulations ~~under Section 29.25~~ governing the use of double doors or
21 other structural devices that interfere with reasonable inspections and do not have legitimate
22 safety or security purposes. ~~(b)~~ Nothing in this Section shall ~~be construed to~~ limit or restrict the
23 ~~lawful~~ authority of a police officer ~~or other City employee~~ to enter premises licensed under this
24 Article 29. ~~(1) pursuant to a search warrant signed by a magistrate and issued upon a showing of~~
25 ~~probable cause to believe that contraband is present or that a crime has been committed or attempted.~~

(2) without a warrant in the case of an emergency or other exigent circumstances, or (3) as part of any other lawful entry in connection with a criminal investigation or enforcement action.

SEC. 29.20. ~~MESSAGE ESTABLISHMENT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE LICENSE FEE.~~

~~(a) Every person holding a message establishment, solo practitioner message establishment, or outcall message service permit shall pay to the Tax Collector an annual license fee, as set forth in Section 29.26; provided, however, that the annual license fee shall be \$10 for any person holding a message establishment permit who is over 60 years old and does not employ others and whose gross receipts from the message business operated under the authority of said permit for the previous year were less than \$1,000.~~

~~(b) An advanced message practitioner holding a solo practitioner message establishment permit shall not be required to pay any additional annual license fee for an outcall message service permit.~~

SEC. 29.3321. SUSPENSION OR REVOCATION OF MESSAGE ESTABLISHMENT, SOLO PRACTITIONER MESSAGE ESTABLISHMENT, OR OUTCALL MESSAGE SERVICE PERMIT FOR PRACTITIONERS NOT CERTIFIED BY THE CAMTC.

(a) Grounds for Suspension or Revocation. The Director may revoke or suspend any ~~m~~Message ~~e~~Establishment, ~~s~~Solo ~~p~~Practitioner ~~m~~Message ~~e~~Establishment, or ~~e~~Outcall ~~m~~Message ~~s~~Service permit issued to message establishments where all of the practitioners are not certified as a message practitioner or therapist by the CAMTC pursuant to the California Business and Professions Code, after a hearing, if the Director finds:

(1) Facts sufficient to support the denial of such permit on any ground set forth in Section 29.29; The permittee has violated any of the provisions of this Article; or

(2) The permittee has refused to permit a lawful inspection of any duly authorized City health inspector to inspect the its business premises or its the operations therein; or

1 (3) The permittee has engaged in any conduct in connection with the operation
2 of the business that violates the operating requirements set forth in Section 29.31, any rules or
3 regulations related to Massage Business operations, or any State or local laws; or

4 (4) ~~in the case of a massage establishment or outcall massage service permit, a~~Any
5 employee ~~or independent contractor~~ of the permittee has engaged in ~~any~~ conduct that violates
6 any state or local laws at permittee's place of business, and the permittee had or, in the
7 exercise of due diligence, should have had ~~actual or constructive~~ knowledge ~~by due diligence~~ of the
8 prohibited illegal conduct ~~In the case of a solo practitioner massage permit, the permittee no longer~~
9 ~~holds a current, valid advanced massage practitioner permit issued by the Director;~~ or

10 (5) The Director determines ~~by clear and convincing evidence~~ that such Massage
11 ~~Business~~ is being managed, conducted, or maintained without regard for public health or the
12 health of clients patrons, customers, or employees, or without due regard ~~to~~ for proper sanitation
13 and hygiene; or

14 (6) The Director finds good cause to suspend or revoke the permit in accordance with
15 Business and Tax Regulations Code Sections 24 and 26. The permittee has violated a rule or regulation
16 adopted by the Director pursuant to Section 29.25.

17 (b) Hearing. A permit holder cited for a violation of any provision of Article 29 or the rules
18 and regulations promulgated by the Director under Section 29.2 shall be scheduled to appear at a
19 hearing held by the Director. Before any hearing is conducted under this Section, the Director shall
20 provide the permittee at least 2010 days' written notice of the ~~The notice shall include the time,~~
21 place, and grounds for the hearing. If requested by permittee, the Director shall make
22 available all documentary evidence against permittee within five days of the request no later than
23 15 days prior to the hearing. If the Director does not provide the requested documentary evidence
24 within five days, the permit holder may request, and the Director shall grant, a continuance of the
25 hearing date. At the hearing, the permittee shall be provided an opportunity to refute all

evidence against him or her. The Director shall oversee the hearing and issue a ruling within ~~20~~30 days of ~~the its~~ conclusion ~~of the hearing~~. *If the Director fails to issue a ruling in this time period, no suspension or revocation shall be imposed.* The Director's ruling shall be the final decision of the Department.

(c) Summary Suspension. The Director may suspend summarily any ~~m~~Massage ~~e~~Establishment, ~~s~~Sole ~~p~~Practitioner ~~m~~Massage ~~e~~Establishment, or ~~o~~Outcall ~~m~~Massage ~~s~~Service permit issued under this Article ~~29~~ pending a noticed revocation or suspension hearing ~~on revocation or suspension~~ when, in the opinion of the Director, the public health or safety requires such summary suspension. *Any affected permittee ~~The Director~~ shall provide written be given notice of such summary suspension to the permit holder by hand delivery or registered mail, in writing delivered to said permittee in person or by registered letter.*

SEC. 29.22. HEARINGS.

The Director may fix a time and place for a hearing on any application for a permit under this Article, which shall not be held more than 45 days after the receipt of the completed application, or, in the case of a permit to operate a massage establishment or solo massage practitioner establishment, more than 30 days after receiving the findings required under Section 29.13 of this Article.

SEC. 29.23. TRANSFER OF PERMIT.

No permit issued under this Article shall be transferable.

SEC. 29.24. BUSINESS TAX AND ZONING INFORMATION; RESOURCES FOR MASSAGE PRACTITIONERS.

(a) Upon issuing or renewing any registration or permit issued under this Article, the Director and the Tax Collector shall also provide the permit holder with general information, including appropriate referrals to other City departments, regarding (1) the need and procedure for registering a business with the Tax Collector, and, (2) possible zoning restrictions on the operation of a massage practice.

1 ~~(b) The Director shall provide all persons receiving a massage practitioner permit with~~
2 ~~educational materials regarding their rights and informing them of available resources such as health~~
3 ~~services and victim assistance, as well as emergency numbers and hotlines to call for information and~~
4 ~~assistance.~~

5 ~~SEC. 29.25. RULES AND REGULATIONS; COMPLAINT LINE.~~

6 ~~(a) The Director, after a noticed public hearing, may adopt rules and regulations to carry out~~
7 ~~the provisions of this Article. Such rules and regulations shall take effect no sooner than 15 days after~~
8 ~~the public hearing. Violation of any such rule or regulation may be grounds for administrative action~~
9 ~~against the permittee, including suspension or revocation of the permit as provided in Sections 29.8~~
10 ~~and 29.21 or an administrative fine as provided in Section 29.27, but the Director shall whenever~~
11 ~~possible give the permittee a reasonable opportunity to cure the violation before seeking penalties.~~

12 ~~(b) The Director shall maintain a phone line for inquiries and complaints regarding massage~~
13 ~~businesses and practitioners.~~

14
15 **FEES**

16 **SEC. 29.4026. MASSAGE PRACTITIONER FEES.**

17 The application fee for a Massage Practitioner permit shall be \$146. The annual license fee for
18 a Massage Practitioner permit shall be \$123. The fee shall be due annually on March 31 of each year,
19 pursuant to Section 76.1, Article 2 of the Business and Tax Regulations Code.

20 **SEC. 29.41. MASSAGE ESTABLISHMENT, SOLE PRACTITIONER MASSAGE**
21 **ESTABLISHMENT, AND OUTCALL MESSAGE SERVICE FEES.**

22 (a) Massage Establishments. The application fee for a ~~m~~Massage ~~e~~Establishment ~~permi~~t
23 ~~as provided in Section 29.11,~~ shall be ~~\$681658.~~ The annual license fee for a ~~m~~Massage
24 ~~e~~Establishment, ~~as provided in Section 29.20,~~ shall be ~~\$1,2141,173.~~ The ~~F~~fee shall be due

1 annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and
2 Tax Regulations Code.

3 (b) Sole Practitioner Massage Establishments. The application fee for a ~~solo~~ Sole
4 pPractitioner mMassage eEstablishment permit, ~~as provided in Section 29.11,~~ shall be ~~\$497.480.~~
5 The annual license fee for a ~~solo~~ Sole pPractitioner mMassage eEstablishment, ~~and for massage~~
6 ~~establishments where all practitioners are certified by the CAMTC, as provided in Section 29.20,~~ shall
7 be ~~\$599.579.~~ The ~~F~~fee shall be due annually on March 31 of each year, pursuant to Section
8 76.1, Article 2 of the Business and Tax Regulations Code.

9 (c) Outcall Massage Services. The application fee for an ~~o~~Outcall mMassage sService,
10 ~~permit, as provided in Section 29.11,~~ shall be ~~\$351.480.~~ The annual license fee for an ~~o~~Outcall
11 mMassage sService, ~~as provided in Section 29.20,~~ shall be ~~\$306.579.~~ The ~~F~~fee shall be due
12 annually on March 31 of each year, pursuant to Section 76.1, Article 2 of the Business and
13 Tax Regulations Code.

14 (d) Exception. ~~An advanced mMassage pPractitioner or CAMTC Certified Practitioner~~
15 holding a ~~solo~~ Sole pPractitioner mMassage eEstablishment permit shall not be required to pay
16 any additional ~~permit application~~ or annual license fee for an ~~o~~Outcall mMassage sService
17 permit.

18 SEC. 29.42. ADJUSTMENT OF FEES.

19 ~~(e)~~ Beginning with fiscal year 2008-2009, fees set forth in this Article may be adjusted
20 each year, without further action by the Board of Supervisors, ~~asset forth in this Section.~~ Not
21 later than April 1, the Director shall report to the Controller the revenues generated by the fees
22 for the prior fiscal year and the prior fiscal year's costs of operation, as well as any other
23 information that the Controller determines appropriate to the performance of the duties set
24 forth in this Section. Not later than May 15, the Controller shall determine whether the current
25 fees have produced or are projected to produce revenues sufficient to support the costs of

1 providing the services for which the fees are assessed and that the fees will not produce
2 revenue which is significantly more than the costs of providing the services for which the fees
3 are assessed. The Controller shall, if necessary, adjust the fees upward or downward for the
4 upcoming fiscal year as appropriate to ensure that the program recovers the costs of
5 operation without producing revenue which is significantly more than such costs. The adjusted
6 rates shall become operative on July 1.

7
8 **ENFORCEMENT AND PENALTIES**

9 **SEC. 29.4527. VIOLATIONS AND ADMINISTRATIVE PENALTIES.**

10 (a) Any person who violates any provision of this Article 29 or any rule or regulation
11 adopted pursuant to Section 29.252 may, after being provided notice and an opportunity to be
12 heard, be subject to the following monetary and permit penalties ~~and/or permit penalties.~~

13 (1) Massage Business Establishment Operating Without a Massage Business
14 Permit ~~from the San Francisco Department of Public Health.~~

15 (A) Administrative fine: Up to \$1,000 per day of operating without a
16 permit; and

17 (B) Permit penalty: Business location and Owner of Massage Business
18 ~~Revocation, and Massage Establishment location and permittee are~~ ineligible for a Massage Business
19 ~~new permit from the San Francisco Department of Public Health~~ for 180 days.

20 (C) Repeat violations: Same penalties as (a)(1)(A) and (a)(1)(B).

21 ~~(2) Establishment Violating Conditions of California Business and Professions Code~~
22 ~~Sections 4600-4620 and all Implementing Regulations.~~

23 ~~(A) Administrative fine: Up to \$1,000 per day of operating without a permit;~~
24 ~~and~~

1 ~~(B) Permit penalty: Massage Establishment location and permittee are~~
2 ~~ineligible for a permit from the San Francisco Department of Public Health for 180 days.~~

3 ~~(C) Repeat violations: Same penalties as (a)(2)(A) and (a)(2)(B).~~

4 (23) Massage Business Establishment Employing Any Person Under 18 Years of Age
5 Underage Practitioner as Defined in Section 29.17.

6 (A) Administrative fine: None.

7 (B) Permit penalty: Mandatory 60-120 days suspension of ~~m~~Massage
8 Business Establishment permit.

9 (C) Repeat violations: Revocation for second occurrence within 36
10 months of first occurrence; ~~and Massage Business Establishment location and permittee are~~
11 ~~ineligible for a new~~subsequent permit for 180 days.

12 (34) Solicitation Charges or Convictions, as Defined by California Penal Code
13 Section 647 (a) or (b) and/or San Francisco Police Code Section 225, for Anyone Working at
14 Massage Establishment.

15 (A) Administrative fine: \$5,000 to be paid by Massage Establishment
16 permittee; and

17 (B) Permit penalty: Mandatory 60-120 days suspension of Massage
18 Establishment permit.

19 (C) Repeat violations: Revocation; permittee ineligible for a subsequent
20 ~~new~~ Massage Establishment permit ~~from the San Francisco Department of Public Health~~; at any
21 location.

22 (45) Trafficking Charges or Convictions, as Defined by California Penal Code
23 Section 236.1, for Anyone Working at Massage Establishment.

24 (A) Administrative fine: None.

1 (B) Permit penalty: Revocation, ~~and Permittee~~ ineligible for a subsequent
2 ~~new~~ Massage Establishment permit, at any location.

3 (C) Repeat violations: Same penalty as (a)(~~4~~5)(B).

4 (56) Massage Establishment or Outcall Massage Service Knowingly Employing
5 ~~Unlicensed or Uncertified Individual Without Massage Practitioner Permit or CAMTC Certification To~~
6 ~~Administer~~ Massage Practitioner or Therapist.

7 (A) Administrative fine: \$1,000 to be paid by ~~Massage Establishment~~
8 permittee.

9 (B) Permit penalty: None.

10 (C) Repeat violations: 15-30 days suspension and up to \$2,500 fine for
11 ~~2nd~~second occurrence within a 24 month period; 30-60 days suspension or ~~permit~~-revocation;
12 and up to \$5,000 fine for ~~3rd~~third occurrence within 24 months.

13 (67) ~~Establishment~~ Massage Facilities Used for Residential Sleeping Purposes;
14 ~~Without Authorization by the City and County of San Francisco Director of Public Health~~.

15 (A) Administrative fine: Up to \$1,000.

16 (B) Permit penalty: None.

17 (C) Repeat violations: 15-30 days suspension and up to \$2,500 fine
18 ~~and for 2nd~~second occurrence within 24 months; 30-60 days suspension and up to \$5,000 fine
19 for ~~3rd~~third occurrence within 24 months.

20 (78) Presence of Beds Instead of Massage Tables.

21 (A) Administrative fine: None.

22 (B) Permit penalty: ~~Notice of violation only~~ None.

23 (C) Repeat violations: Up to \$1,000 fine for ~~second~~2nd occurrence within
24 24 months; 15-30 day suspension and up to \$2,500 fine and for ~~3rd~~third occurrence within 24
25 months.

(89) ~~Massage Practitioner~~ Any Massage Service Provider Improperly Attired in Violation of Section 29.17(a) ~~Not Wearing Attire as Described in Section 29.12(i).~~

(A) Administrative fine: Up to \$250 per person to be paid by Massage ~~Business Establishment~~ permittee, ~~and,~~

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$500 fine ~~per person to be paid by Massage Business permittee~~ for ~~2nd~~ second and each subsequent occurrence; ~~and~~ 60-day suspension ~~for of Massage p~~ Practitioner ~~permit~~ and 60-day suspension per person ~~of for~~ Massage ~~Business Establishment~~ permit.

(940) Sanitation ~~Issues~~ Violations, Pursuant to Section 29.12(f) 32(a).

(A) Administrative fine: None.

(B) Permit penalty: ~~Notice of violation~~ None.

(C) Repeat violations: Up to \$250 fine and 60-days suspension ~~of for~~ Massage ~~Business Establishment~~ permit.

(1044) Massage ~~Business Establishment~~ Operating Past ~~Between the Hours of~~ 10:00 p.m. ~~and 7:00 a.m.~~

(A) Administrative fine: Up to \$1,000.

(B) Permit penalty: None.

(C) Repeat violations: 15-30 days suspension and up to \$2,500 for ~~2nd~~ second occurrence within 24 months; 30-60 days suspension and up to \$5,000 fine for ~~3rd~~ third and each subsequent occurrence within 24 months.

(1142) Practicing Massage ~~for Compensation~~ Without a ~~Massage Practitioner~~ Permit ~~or CAMTC Certification~~.

(A) Administrative fine: \$250 fine.

~~(B) Permit penalty: None.~~

(~~C~~B) Repeat violations: \$500 fine for ~~2nd~~ second occurrence within 24 months; \$1,000 fine for ~~3rd~~ third and each subsequent occurrence within 24 months and individual Practitioner ineligible for Massage Practitioner San Francisco Department of Public Health permit for 180 days.

(~~12~~43) Anyone Engaged In Lewd Conduct or Performing Sex Acts as Defined in Section 29.~~12(h)~~ 17(b) on Massage Business Establishment Premises ~~During Business Hours~~.

(A) Administrative fine: \$1,000 to be paid by Massage Business Establishment permittee, and

(B) Permit penalty: 60-day ~~permit~~ suspension of Massage Business Establishment permit.

(C) Repeat violations: ~~Permit~~ Revocation of Massage Practitioner permit and both practitioner and Massage Business Establishment permittee. Permit holder permanently ineligible for subsequent Massage Practitioner or Massage Business Permit.

(~~13~~44) Failure to Post Notices as Required by Section 29.~~12(h)~~ 32(i).

(A) Administrative fine: Written warning for first violation, \$250 for second and each subsequent violation within 12 months.

(B) Permit Penalty: 30-day suspension of Massage Business permit for third and subsequent violations within 24 months.

(~~14~~45) All Other Violations of San Francisco Health Code Article 29, and Any Massage Program Rules and Regulations.

(A) Administrative fine: Up to \$1,000 ~~fine, and~~

(B) Permit penalty: Possible ~~S~~ suspension or revocation.

(C) Repeat violations: Up to \$2,500 fine for the second violation in a 24-month period and possible permit suspension or revocation; up to \$5,000 for the third and subsequent violations in a 24-month period, and permit suspension or revocation.

(b) Notice to Property Owner. Written notice of each Massage Business permit holder violation shall be provided to the owner(s) of the property upon which the Massage Business Establishment is located.

(c) Revenue from Fines. Administrative fines collected under this Section shall be used to support the Department of Public Health and its Health Code enforcement functions.

(d) No Bar to Prosecution. Nothing in this Section shall preclude the prosecution of anyone under Health Code Section 29.2947, the laws of the State of California, or the laws of the United States of America.

SEC. 29.4628. COST RECOVERY.

Any person who is assessed an administrative fine or whose permit is suspended or revoked under this Article, regardless of whether any fine, suspension, or revocation is held in abeyance by the Department, shall be liable to the City for its costs incurred in enforcing this Article, including but not limited to the costs of inspection, investigation, administration, hearing officer, administrative proceedings, court proceedings, monitoring, and attorneys' fees if, at the conclusion of all proceedings, the fee or permit action is substantially sustained. Within ten business days of the termination of the administrative hearing or other proceeding 30 days of the final decision, the Department of Public Health shall calculate the amount of its costs. The Director may reduce the bill of costs for good cause.

(a) Criminal Violations. Any Massage Business permit holder that violates the requirements of Section 29.10, 29.15, 29.25, or subsections (d), (e), (j), (k), or (l) of Section 29.31 Any permittee, as defined in Section 29.1, of a massage establishment or outcall massage service or any employer of a massage practitioner who violates Health Code Section 29.2 which requires a permit to engage in the practice of massage, Health Code Section 29.6 which requires presentation of an identification card to any City health inspector, Health Code Section 29.10 which requires practitioners not certified by the CAMTC pursuant to the California Business and Professions Code to obtain a permit to operate a

1 ~~massage establishment, solo-practitioner massage establishment, or outcall massage service, Health~~
2 ~~Code Section 29.12(g) which prohibits the use of any room in which massage services are provided to~~
3 ~~be used as a sleeping room, Health Code Section 29.15 which requires every permit holder or employer~~
4 ~~to ensure that a massage practitioner, who is not certified by the CAMTC, has obtained a permit,~~
5 ~~Health Code Section 29.16 which requires a register of practitioners to be available for inspection,~~
6 ~~Health Code Section 29.17 which prohibits the employment of any individual under the age of 18,~~
7 ~~Health Code Section 29.18, which requires display of a permit and prohibits operation between the~~
8 ~~hours of 10 p.m. and 7 a.m., or any rule or regulation adopted pursuant to Section 29.25, shall be~~
9 guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed \$1,000
10 or by imprisonment in the County Jail not to exceed six months, or by both. A person
11 convicted of violating any listed ~~this~~ Section shall be deemed guilty of a separate offense for
12 every day such violation shall continue.

13 (b) No Bar to Prosecution. Nothing in this Section 29.47 shall preclude the prosecution
14 of anyone under the laws of the State of California or of the United States of America.

15 **SEC. 29.4830. COOPERATIVE EFFORTS WITH LAW ENFORCEMENT.**

16 The Director ~~of Public Health~~ shall work with the Chief of Police on issues of common
17 concern affecting the massage industry, such as protections against violence in massage
18 establishments, crimes against massage practitioners, forced labor, or trafficking.

19 ~~During the six-month period between adoption of this Article and its effective date, the Director~~
20 ~~of Public Health shall work with the Chief of Police to develop procedures to verify that permit~~
21 ~~applicants do not have prior criminal convictions that would disqualify the applicants from receiving a~~
22 ~~permit under this Article.~~

23 **SEC. 29.4931. UNDERTAKING FOR THE GENERAL WELFAREDISCLAIMER.**

24 In regulating massage businesses and massage services as provided in this Article,
25 the City is assuming an undertaking only to promote the general welfare. It is not assuming,

nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

SEC. 29.5032. SEVERABILITY.

If any of the provisions of this Article 29 or the application thereof to any person or circumstance is held invalid, the remainder of this Article, including the application of such part or provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this Article are severable.

SEC. 29.51. NO CONFLICT WITH STATE OR FEDERAL LAW.

Nothing in this Article 29 shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any federal or State law.

Section 2. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

3 By: SHERRI SOKELAND KAISER
4 Deputy City Attorney

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SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES



Monday, May 11, 2015
5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

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SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

5F
552
#2
5/11/15
1. Call to order and roll call.

The meeting was called to order at 5:34 PM. Commissioners Dwight, White, Adams, Tour-Sarkissian and Dooley were present. Commissioners Ortiz-Cartagena and Yee Riley were absent.

2. General Public Comment: (Discussion Item)

General Public Comment was called for and no members of the public requested to speak.

3. Presentation and Discussion on the Business Portal. Update on current utilization and the next stages of development including review of the permitting process. (Discussion Item)

Jane Gong, Department of Technology, presented an update to her previous October 2014 presentation. Ms. Gong presented a timeline illustrating the Portal's launch and ongoing improvements. She provided examples of user feedback and stated that analytics and feedback will assist them in developing their next steps. Ms. Gong provided analytics since launch, with over 12,400 views per month, mentioned press and multiple awards, and provided a sample of a new MUNI Bus Ad. She stated that in response to outreach from various Officials, including the White House, a Retrospective sharing their approach and lessons learned had been created and currently available online.

Since launch, she detailed their Restaurant focus, and permit mapping. A detailed Controller's Office report is due June 2015.

Ms. Gong provided next steps with the Portal and Process Streamlining, continuing to map out the 160 remaining permit application processes, as well as Technology Enhancements such as working with TTX to connect with their New Business Registration.

Commissioner White, Tour-Sarkissian and Dwight commended Ms. Gong for her work.

Public comment was called for and no members of the public requested to speak.

The Commission took no action.

SMALL BUSINESS COMMISSION
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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/ COMMISSION SECRETARY, BRIAN POOLE

4. Presentation and Discussion on the University of San Francisco's (USF) School of Management and its Gellert Family Business Resource Center on the Legacy Business Program. (Discussion Item)

Presentation by: Students of the (USF) School of Management

Dr. Hudson and students Ian Rebholz, Darren Cabellero and Lindsay Warren presented their completed research associated with the following projects: Legacy Business Displacement Analysis, expanding upon the City's Legislative Analyst Office October 2014 report; Legacy Business Case Studies, collecting personal stories from two legacy businesses; and Legacy Business Incentives, which investigated options for encouraging legacy businesses to participate in the City's upcoming legacy business registry.

Commissioner Dooley commended the students for their work and would like it to be disseminated further so the public can view the findings. She commented on the importance of condoization noted in the presentation to help preserve legacy businesses.

Commissioner White commended the students on their fine work.

Public comment was called for and no members of the public requested to speak.

Director Dick-Endrizzi thanked the students for their work. She discussed development of programs associated with establishment of the registry, and mentioned the potential adaption of the concierge service for legacy businesses that was in the report.

5. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141303 [Planning Code – Massage Establishments] (Discussion and Possible Item)

****The Commission President called Items No. 5 and 6 for simultaneous consideration due to their interrelatedness. Minutes of the consideration of the items are provided under Item 5 only.****

Director Dick-Endrizzi stated that changes in the legislation before the Commission today are not substantive changes since they were discussed previously, excepting a health code change which was noted at a previous meeting. She referred to a handout from Supervisor Tang's office that summarizes changes to the legislation. One change was that Health Care Practitioners are no longer on the list of businesses to be exempt from having to obtain the Massage Establishment permit for having massage as an accessory use, as are Barbers, Cosmetologists, Estheticians and Manicurists.

She stated that both pieces of legislation, the Health Code and Planning Code, were heard May 4, 2015 at the Land Use Committee. At that meeting Supervisor Weiner had indicated he was going to divide the file for the Planning Code to continue on some amendments but has since decided he will reintroduce new legislation for the amendments. She referred to the handout that outlined his amendments to the Planning Code legislation only. It will cover dealing with solo practitioners co-located with chiropractors and acupuncturists not having to obtain a CU; allow for establishments that have completed the amnesty program to move one time without going through CU; find a means to allow establishments to go through the CB3P; and amend the definition of SERVICE, MEDICAL – to include massage.

Supervisor Weiner will not be amending the Health Code.

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She stated the Health Code and Planning Code legislation will be going before the Board of Supervisors tomorrow, including the Amnesty Program which is included in the legislation.

She stated a difficulty for solo practitioners that may work in multiple chiropractors' offices would be a requirement to obtain a solo practitioner permit for each location.

She stated the Commission recommends that staff continue to work the massage practitioner community to work with Supervisor Weiner's Office on proposed amendments; where necessary work with appropriate Supervisor's offices to make in changes in specific zoning districts; and work with the massage community to define the potential need to develop a more nuanced sole practitioner establishment license fee.

Commissioner Dwight spoke to how the massage community has mobilized itself, participated in the process, and put forth well thought out recommendations, particularly amnesty and treatment of sole practitioners, but stated there is still work to be done. He said it is important that they have found themselves a sponsor in Supervisor Weiner, a supporter who will listen to their needs and give considered thought. He stated that he thinks this represents the best legislation that could be accomplished in the short term and that we have a good foundation moving forward. He further said it was gratifying to have some of those things happen here with the Commission, and comforting to have their input at the sessions, and thanked the five speakers present.

Commissioner Dwight called for public comment.. Five members of the public requested to speak:

David Paul Wozniak, NHI Massage student. He stated he is new to the industry and still learning, but thinks there must be another way, although he understands why the legislation is happening. He thanked the Commission for its hard work.

Rob Bakewell, Chiropractor. He has worked in the industry for over 30 years. He thanked Supervisor Weiner for stepping up and other practitioners as well. He is still digesting the information but sees some things he finds alarming in it that he will bring to the attention of Supervisors Tang and Weiner.

Cory Hollis, NHI Massage student. He thanked the Commission for dealing with the issue, as well as Supervisor Weiner. He said he still has questions about the process in regards to out calls and non-profit work.

London Elise, Soothe. She thanked the Commission for the process, and Supervisor Weiner. She said amnesty was still confusing and is uncertain what happens after the legislation goes into effect. She read a short statement from a fellow practitioner in regards to potential quadruple regulation of the solo practitioner permit.

Tony Siacotos, Govt. Relations Chair, American Massage Therapy Association, CA Chapter. He thanked the Commission for its keen grasp of the problems this caused, and for advocating on their behalf. He applauded Supervisor Weiner's proposal of making new establishments eligible for CB3P program, mentioned potential land use regulations as a result of this legislation may not be needed, and his support for amnesty, but thinks no one will understand it if it becomes law. He said the background check would be illegal, as it is duplicative, and the legislation should be amended, and he would like the annual fee changed to a renewal fee.

Public comment was closed.

Commissioner Dwight thanked the public commenters for their specific and substantive suggestions. He said these are the types of issues the Commission will continue to work on and staff will be working on in the near future.

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He said the first recommendation is to work with Supervisor Weiner's office on the proposed amendments to the Planning Code, and work with him going forward on any follow on legislation that might be recommended. He also suggested working with Supervisors in specific districts regarding zoning issues, and residents in those areas where they may have already passed restrictions. Lastly, he suggested continued work with the massage community to define the potential need to develop a more nuanced sole practitioner establishment license fee. He said there are likely more issues.

Commissioner Tour-Sarkissian asked President Dwight that he be more specific about what exactly is being supported as to Supervisor Weiner's proposals.

Commissioner Dwight responded that he (Weiner) has made amendments to the current legislation, and Director Dick-Endrizzi said the four items she read earlier were confirmed by Supervisor Weiner's aide for the Planning Code legislation.

Motion: Commissioner Tour-Sarkissian motioned to recommend approval of the legislation as drafted, under the information of Supervisor Wiener's commitment to make amendments noted by Director Dick-Endrizzi. These being: 1) will cover dealing with solo practitioners co-located with chiropractors and acupuncturists not having to obtain a CU; 2) allow for establishments that have completed the amnesty program to move one time without going through CU; 3) find a means to allow establishments to go through the CB3P; and 4) amend the definition of SERVICE, MEDICAL – to include massage.

Commissioner Dooley expressed her concern that while much progress has been made, there remain many punitive items in the legislation towards the massage industry, but hopes these issues will be addressed since there are still problems in the legislation that will have a negative effect on the industry.

Director Dick-Endrizzi stated Commissioner Tour-Sarkissian had made a motion on Supervisor Weiner's four proposals. He commented in turn that he agreed with everything President Dwight had said, and President Dwight said he thought the motion expressed the Commission's desire to move the legislation forward and even beyond the current legislation.

2nd: Commissioner Dooley.

Aye: Dooley, Dwight, Tour-Sarkissian and White.

Nay: None

Commissioner Adams excused himself before the vote due to a previous commitment, at approximately 6:45.

Absent: Commissioners Ortiz-Cartagena and Yee Riley.

Commissioner Dwight stated the Commission is willing and enthusiastic about helping the massage community understand the amnesty provision, and that the Office of Small Business will spend some time trying to unravel the legislation and help the community understand it.

Commissioner Dwight recognized London Elise and he thanked her for her time spent to educate the Commissioners

6. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 141302 [Health Code - Massage Practitioners, Establishments, and Associated Fees] (Discussion and Possible Item)

No official action was taken as the Commission took action on BOS File No. 141302 on April 27, 2015. The item was agendaized to allow the Commission to discuss the contents of this legislation with BOS File No. 14103

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7. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150462 [Public Works Code - Waiver of Street Space Fee for Small Business Week Sidewalk Sales] (Discussion and Possible Action)

Director Dick-Endrizzi noted this was the annual fee waiver that is supported for the weekends of May 16th and May 23rd as a matter of pro forma.

No members of the public requested to speak on this item.

Motion: Commissioner Dooley motioned to recommend approval of the legislation as drafted.

2nd: Commissioner White

Aye: Dooley, Dwight, Tour-Sarkissian

Nay: None

Absent: Ortiz-Cartagena, Yee Riley, Adams

8. Director's Report: (Discussion Item)

Director Dick-Endrizzi welcomed Brian Poole, new Policy Analyst and Commission Secretary. She noted next week was Small Business Week and highlighted key activities of the week. She reviewed the January through March 2015 quarterly dashboard: noted meeting held in preparation for the Legacy Business Registry including meeting with SF Heritage, Historical Preservation staff Tim Fry and SF Travel to do exploratory discussion around criteria, and how to leverage it in the future from all three perspectives. She further stated Supervisor Tang has called for a hearing with Planning and DBI to improve the process, in relation to the massage legislation and other industries. No date has been established as of yet.

9. President's Report: (Discussion Item)

Commissioner Dwight said he attended SF Made last week and it continues to be a very successful event, and he encouraged everyone to participate as much as they can in Small Business Week next week, and he commended Strauss Events for their organizational efforts.

10. Vice President's Report: (Discussion Item)

None.

11. Commissioner Reports: (Discussion Item)

None.

12. New Business: (Discussion Item)

No New Business items were introduced.

13. Adjournment. (Action Item)

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The meeting was adjourned at 7:14 PM.

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/ COMMISSION SECRETARY, BRIAN POOLE





SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, June 8, 2015

5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

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6/8/15
1. **Call to order and roll call.**
 2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)
 3. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150436 [Administrative Code - Establishing Cannabis State Legalization Task Force]** (Discussion and Possible Action)

Ordinance amending the Administrative Code to establish the Cannabis State Legalization Task Force to advise the Board of Supervisors, the Mayor, and City departments regarding the local impacts of possible state legislation legalizing adult use of cannabis; and setting forth the membership and duties of the Task Force.

Explanatory Documents: [BOS File No. 150436 Legislative Digest](#); [BOS File No. 150436 Legislation](#)

Presentation by: Jeff Cretan, Aide to Supervisor Wiener

4. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150535 [Resolution of Intention - Dogpatch & Northwest Potrero Hill Green Benefit District]** (Discussion and Possible Action)

Resolution declaring the intention of the Board of Supervisors to establish a property-based business improvement district to be known as the "Dogpatch & Northwest Potrero Hill Green Benefit District" and levy a multi-year assessment on identified parcels in the district; approving the management district plan and engineer's report and proposed boundaries map for the district; ordering and setting a time and place for a public hearing thereon; approving the form of the Notice of Public Hearing and Assessment Ballots Proceeding, and Assessment Ballot; directing environmental findings; and directing the Clerk of the Board of Supervisors to give notice of the public hearing and balloting as required by law.

Explanatory Documents: [BOS File No. 150535 Legislation](#)

Presentation by: Jonathan Goldberg, Green Benefit District Manager, San Francisco Public Works

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5. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150464 [Health Code - Enforcement of Service Station Bathroom Requirements and Fines]** (Discussion and Possible Action)

Ordinance amending the Health Code to permit the imposition of administrative fines for violations of the duty to provide clean and sanitary washrooms for the use of gasoline station patrons.

Explanatory Documents: BOS File No. 150464 Legislative Digest; BOS File No. 150464 Legislation

Presentation by: Sunny Angulo (tentative), Aide to Supervisor Kim

6. **Presentation and Discussion of SF Biz Connect, a business to business buy local campaign.** (Discussion Item)

Presentation by: Susan Ma, Laurel Arvanitidis, Office of Economic and Workforce Development and Taryn Taddeo, SF Chamber of Commerce

7. **Presentation and Discussion of Hack the Hood, a non-profit that builds websites for small businesses.** (Discussion Item)

Presentation by: Susan Mernit and Henriette Ako-Asare

8. **Approval of Draft Meeting Minutes May 11, 2015.**

Explanatory Documents: Draft May 11, 2015 Meeting Minutes (Action Item)

9. **Director's Report:** Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on the Legacy Business Program, update on legislative matters, and announcements regarding small business activities. (Discussion Item)
10. **President's Report:** Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
11. **Vice President's Report:** Allows the Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
12. **Commissioner Report:** Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)
13. **New Business:** Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)
14. **Adjournment. (Action Item)**

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

For questions about the meeting please contact 415-554-6134, sbac@sfgov.org.

SMALL BUSINESS COMMISSION

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KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact the Sunshine Ordinance Task Force:

City Hall – Room 244 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
415-554-7724 (Office); 415-554-7854 (Fax)
E-mail: SOTF@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org. Copies of explanatory documents are available to the public online at <http://www.sfbos.org/sunshine> or, upon request to the Commission Secretary, at the above address or phone number.

CELL PHONE AND/OR SOUND-PRODUCING ELECTRONIC DEVICE USAGE AT HEARINGS

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

DISABILITY ACCESS POLICY

Commission hearings are held in Room 400 at City Hall, 1 Dr. Carlton B. Goodlett Place in San Francisco (unless otherwise noted). City Hall is accessible to persons using wheelchairs and other assistive mobility devices. Ramps are available at the Grove, Van Ness and McAllister entrances. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call 311. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street).

Assistive listening devices, real time captioning, American Sign Language interpreters, readers, large print agendas or other accommodations are available upon request. Please make your requests for accommodations to the Office of Small Business, (415) 554-6134, or email: sbac@sfgov.org. Requesting accommodations at least 72 hours prior to the meeting will help to ensure availability.

LANGUAGE ACCESS

Per the Language Access Ordinance (Chapter 91 of the San Francisco Administrative Code), Chinese, Spanish and or Filipino (Tagalog) interpreters will be available upon requests. Meeting Minutes may be translated, if requested, after they have been adopted by the Commission. Assistance in additional languages may be honored whenever possible. To request assistance with these services please contact the Office of Small Business at 415-554-6134, or email: sbac@sfgov.org at least 48 hours in advance of the hearing. Late requests will be honored if possible.

LOBBYIST ORDINANCE

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100, FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics>.

CHEMICAL SENSITIVITY

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In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

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LEGISLATIVE DIGEST

[Administrative Code - Establishing Cannabis State Legalization Task Force]

Ordinance amending the Administrative Code to establish the Cannabis State Legalization Task Force to advise the Board of Supervisors, the Mayor, and City departments regarding the local impacts of possible state legislation legalizing adult use of cannabis; and setting forth the membership and duties of the Task Force.

Existing Law

Personal use of cannabis for non-medicinal purposes is not legal in California. The State of California may consider legalizing and regulating adult use and possession of cannabis as soon as 2016. If the State legalizes adult use and possession of cannabis, the City will face policy questions about the local implementation and enforcement of the new State law. The City currently has no advisory body that makes recommendations to the Board of Supervisors, the Mayor, or City departments regarding such questions.

Amendments to Current Law

The proposed ordinance would create a Cannabis State Legalization Task Force to advise the Board of Supervisors, the Mayor, and other City departments on matters relating to the potential legalization of cannabis so that the City's policymakers are fully prepared to address the policy questions, through legislation, administrative actions, and otherwise, following the adoption of a State law.

The Task Force would terminate two years after the effective date of the ordinance unless the Board re-authorizes it in a subsequent ordinance. During those two years, the Task Force would submit at least two reports to the Board of Supervisors.

The Task Force would have 19 members:

- The Director of the Department of Public Health, Fire Chief, Police Chief, Director of the Department of Building Inspection, Director of Planning, and Superintendent of the San Francisco Unified School District, or their designees;
- A person with at least two years of experience working in the cannabis industry;
- The owner or operator of a medical cannabis dispensary;
- Two people who use cannabis, at least one of whom uses cannabis for medicinal purposes;
- The owner of a small business in San Francisco;
- A person with experience working for or on behalf of the interests of businesses in San Francisco;
- A person with experience working to advance the tourism or hospitality industry in San Francisco;

- Two people who represent neighborhood associations;
- A person with experience in public health advocacy focusing on drug policy;
- A person working in the entertainment or nightlife industry;
- A representative of a labor union that represents employees working in the cannabis industry; and
- A public policy expert.

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[Administrative Code - Establishing Cannabis State Legalization Task Force]

Ordinance amending the Administrative Code to establish the Cannabis State Legalization Task Force to advise the Board of Supervisors, the Mayor, and City departments regarding the local impacts of possible state legislation legalizing adult use of cannabis; and setting forth the membership and duties of the Task Force.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in *single-underline italics Times New Roman font*. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

The Administrative Code is hereby amended by adding Article II, Sections 5.2-1 through 5.2-7, to Chapter 5, to read as follows:

ARTICLE II:

CANNABIS STATE LEGALIZATION TASK FORCE

Sec. 5.2-1. Creation of Task Force.

Sec. 5.2-2. Purpose.

Sec. 5.2-3. Membership.

Sec. 5.2-4. Organization and Terms of Office.

Sec. 5.2-5. Powers and Duties.

Sec. 5.2-6. Meetings and Procedures.

Sec. 5.2-7. Sunset.

1 **SEC. 5.2-1. CREATION OF TASK FORCE.**

2 *The Board of Supervisors hereby establishes the Cannabis State Legalization Task Force (the*
3 *"Task Force") of the City and County of San Francisco.*

4
5 **SEC. 5.2-2. PURPOSE.**

6 *The Board of Supervisors anticipates that the State of California may consider legalizing and*
7 *regulating adult use and possession of cannabis as soon as 2016. If the State legalizes adult use and*
8 *possession of cannabis, the City will face a number of policy questions about the local implementation*
9 *and enforcement of the new State law. These policy questions, and their answers, will depend on the*
10 *content of the State law. As proposals develop in the State Legislature and through the ballot measure*
11 *process, the City should follow and study them in order to be prepared for eventual legalization. The*
12 *purpose of the Task Force shall be to advise the Board of Supervisors, the Mayor, and other City*
13 *departments on matters relating to the potential legalization of cannabis so that the City's*
14 *policymakers are fully prepared to address the policy questions, through legislation, administrative*
15 *actions, and otherwise, following the adoption of a State law.*

16
17 **SEC. 5.2-3. MEMBERSHIP.**

18 *The Task Force shall consist of 19 members, appointed as follows:*

- 19 (a) *Seat 1 shall be held by the Director of the Department of Public Health or his or*
20 *her designee.*
- 21 (b) *Seat 2 shall be held by the Chief of the Fire Department or his or her designee.*
- 22 (c) *Seat 3 shall be held by the Chief of the Police Department or his or her designee.*
- 23 (d) *Seat 4 shall be held by the Director of the Department of Building Inspection or*
24 *his or her designee.*
- 25 (e) *Seat 5 shall be held by the Director of Planning or his or her designee.*

1 (f) Seat 6 shall be held by the Superintendent of the San Francisco Unified School
2 District or his or her designee. If at any time the Superintendent declines to serve or appoint a
3 designee and leaves the seat vacant for 60 days or longer, the Board of Supervisors may appoint a
4 member of the public to fill the seat until such time as the Superintendent designates a member.

5 (g) Seat 7 shall be held by an individual with at least two years of experience
6 working in the cannabis industry, appointed by the Board of Supervisors.

7 (h) Seat 8 shall be held by an owner or operator of a medical cannabis dispensary,
8 appointed by the Board of Supervisors.

9 (i) Seat 9 shall be held by an individual who uses cannabis for medicinal purposes,
10 appointed by the Board of Supervisors.

11 (j) Seat 10 shall be held by an individual who uses cannabis, appointed by the
12 Board of Supervisors.

13 (k) Seat 11 shall be held by the owner of a small business in San Francisco,
14 appointed by the Board of Supervisors.

15 (l) Seat 12 shall be held by an individual with experience working for or on behalf
16 of the interests of businesses in San Francisco, appointed by the Board of Supervisors.

17 (m) Seat 13 shall be held by an individual with experience working to advance the
18 tourism or hospitality industry in San Francisco, appointed by the Board of Supervisors.

19 (n) Seats 14 and 15 shall be held by individuals who represent neighborhood
20 associations, appointed by the Board of Supervisors.

21 (o) Seat 16 shall be held by an individual with experience in public health advocacy
22 focusing on drug policy, appointed by the Board of Supervisors.

23 (p) Seat 17 shall be held by an individual working in the entertainment or nightlife
24 industry, appointed by the Board of Supervisors.

1 (g) Seat 18 shall be held by a representative of a labor union that represents
2 employees working in the cannabis industry, appointed by the Board of Supervisors.

3 (r) Seat 19 shall be held by a public policy expert working for an organization
4 focused on the formulation of good public policy, appointed by the Board of Supervisors.

5
6 **SEC. 5.2-4. ORGANIZATION AND TERMS OF OFFICE.**

7 (a) Each member in Seats 7 through 19 shall serve for a term of one year. The initial term
8 for each seat shall begin on August 31, 2015. At the end of the one-year term, the Board of Supervisors
9 may in its discretion reappoint the member by written motion without soliciting applications from
10 additional applicants. Each of these members shall serve at the pleasure of the Board of Supervisors
11 and may be removed by the Board of Supervisors at any time.

12 (b) If a vacancy occurs in Seats 6 through 19 on the Task Force, the appointing authority
13 for the vacated seat shall appoint a successor to that seat.

14 (c) Service on the Task Force shall be voluntary and members shall receive no
15 compensation, except that the members in Seats 1 through 6 may receive their regular salaries for time
16 spent on the Task Force if they are serving in an official capacity as representatives of their
17 departments or, in the case of Seat 6, as a representative of the San Francisco Unified School District.

18 (d) Any member in Seats 7 through 19 who misses three regular meetings of the Task Force
19 within a six-month period without the express approval of the Task Force at or before each missed
20 meeting shall be deemed to have resigned from the Task Force ten days after the third unapproved
21 absence. The Task Force shall inform the Clerk of the Board of each such resignation.

22 (e) The Department of Public Health shall provide clerical and administrative support and
23 staffing for the Task Force.

1 **SEC. 5.2-5. POWERS AND DUTIES.**

2 (a) The general purpose of the Task Force shall be to provide advice to the Board of
3 Supervisors, the Mayor, and other City departments regarding the eventual implementation and
4 enforcement of a possible State law legalizing adult use of cannabis.

5 (b) No later than one year after its inaugural meeting and at least once in the 12 months
6 thereafter, the Task Force shall submit to the Board of Supervisors a report describing legislative
7 activity in the State Legislature regarding possible legalization of cannabis; the Task Force's findings
8 regarding legal, social, land use, and enforcement issues that are likely to arise in San Francisco if the
9 State adopts proposed legislation through the legislative or electoral process; and recommendations
10 regarding local implementation and enforcement of that potential legislation.

11 (c) All City departments, commissions, boards, and agencies shall cooperate with the Task
12 Force in conducting its business.

13 (d) The Task Force shall have no authority to exercise the sovereign powers of the City, and
14 shall serve purely as an advisory body. Additionally, the Task Force shall take no formal position on
15 the merits of proposed ballot measures regarding cannabis legalization once those measures have been
16 submitted to the voters in an initiative petition or on the ballot.

17
18 **SEC. 5.2-6. MEETINGS AND PROCEDURES.**

19 (a) The Task Force shall hold its inaugural meeting not more than 30 days after a quorum
20 of the Task Force, defined as a majority of seats, has been appointed. There shall be at least ten days'
21 notice of the inaugural meeting. Following the inaugural meeting, the Task Force shall hold a regular
22 meeting not less than five times per year.

23 (b) The Task Force shall elect its own officers and may establish rules for its own
24 organization and procedures.

1 SEC. 5.2-7. SUNSET.

2 *Unless the Board of Supervisors by ordinance extends the term of the Task Force, this Article II*
3 *shall expire by operation of law, and the Task Force shall terminate, two years after the effective date*
4 *of Ordinance No. _____ establishing the Task Force. After that date, the City Attorney shall cause*
5 *this Article to be removed from the Administrative Code.*
6

7 Section 2. Effective Date. This ordinance shall become effective 30 days after
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
10 of Supervisors overrides the Mayor's veto of the ordinance.
11

12 APPROVED AS TO FORM:
13 DENNIS J. HERRERA, City Attorney

14 By: _____
15 JON GIVNER
 Deputy City Attorney

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[Resolution of Intention - Dogpatch & Northwest Potrero Hill Green Benefit District]

Resolution declaring the intention of the Board of Supervisors to establish a property-based business improvement district to be known as the “Dogpatch & Northwest Potrero Hill Green Benefit District” and levy a multi-year assessment on identified parcels in the district; approving the management district plan and engineer’s report and proposed boundaries map for the district; ordering and setting a time and place for a public hearing thereon; approving the form of the Notice of Public Hearing and Assessment Ballots Proceeding, and Assessment Ballot; directing environmental findings; and directing the Clerk of the Board of Supervisors to give notice of the public hearing and balloting as required by law.

WHEREAS, The Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600 *et seq.*, “1994 Act” or the “Act”), authorizes cities to establish property and business improvement districts within business districts to promote the economic revitalization and physical maintenance of such business districts; and

WHEREAS, Section 36603 of the 1994 Act recognizes the authority of Charter cities to adopt ordinances providing for different methods of levying assessments for similar or additional purposes from those set forth in the 1994 Act; and

WHEREAS, Article 15A of the San Francisco Business and Tax Regulation Code (“Article 15A”) augments certain procedural and substantive requirements relating to the formation of property and business improvement districts and the assessments on real property or businesses within such districts; and

WHEREAS, The 1994 Act and Article 15A authorize the City to levy and collect assessments on real property within such districts for the purpose of providing improvements

1 and promoting activities and property-related services that specially benefit identified parcels
2 of real property located within such districts; and

3 WHEREAS, Article XIIIID of the California Constitution and Section 53753 of the
4 California Government Code impose certain procedural and substantive requirements relating
5 to assessments on real property; and

6 WHEREAS, The 1994 Act and Article 15A impose additional procedural and
7 substantive requirements relating to assessments on real property within a proposed property
8 and business improvement district, also known as a green benefit district ("GBD"); and

9 WHEREAS, The Board of Supervisors finds that the property-related services, activities
10 and improvements to be funded with assessments on real property within the proposed district
11 will confer substantial special benefit on the assessed properties over and above the general
12 benefit to the public at large from such services, activities and improvements; and

13 WHEREAS, The property owners who will pay 30 percent or more of the total amount
14 of assessments on properties within the proposed district signed and submitted to the Clerk of
15 the Board of Supervisors a petition (the "Petition") requesting that the Board of Supervisors
16 establish a property-based green benefit district to be named the "Dogpatch & Northwest
17 Potrero Hill Green Benefit District" and to levy assessments on properties located in the
18 proposed district to fund property-related services, activities and improvements within the
19 district; and

20 WHEREAS, A Management District Plan entitled the "Dogpatch & Northwest Potrero
21 Hill Green Benefit District (GBD) Management District Plan" containing information about the
22 proposed district and assessments required by Section 36622 of the 1994 Act, including but
23 not limited to maps showing all identified parcels located in the district, a description of the
24 boundaries of the district, the name of the district, the amount of the proposed assessment for
25 each identified parcel, the total annual amount chargeable to the entire district, the duration of

1 the payments, the property-related services, activities and improvements to be funded by the
2 assessments for each year and the maximum cost thereof, the method and basis upon which
3 the assessments are calculated in sufficient detail to allow each property owner to calculate
4 the amount of the assessment to be levied against his or her property, a statement that no
5 bonds will be issued, the time and manner of collecting the assessments, and a list of the
6 properties to be assessed (including assessor parcel numbers), is on file with the Clerk of the
7 Board of Supervisors in File No. _____, which is hereby declared to be a part of this
8 resolution as if set forth fully herein; and

9 WHEREAS, A detailed engineer's report supporting the assessments within the
10 proposed district, prepared by Terrance E. Lowell, California Registered Professional
11 Engineer No. 13398, titled "Dogpatch & Northwest Potrero Hill Green Benefit[s] District,
12 Engineer's Report" (the "District Assessment Engineer's Report"), is on file with the Clerk of
13 the Board of Supervisors in File No. _____, which is hereby declared to be a part of
14 this resolution as if set forth fully herein; and

15 WHEREAS, A Proposed Boundaries Map, submitted pursuant to California Streets and
16 Highways Code, Section 3110, is on file with the Clerk of the Board of Supervisors in File No.
17 _____, which is hereby declared to be a part of this resolution as if set forth fully
18 herein; now, therefore, be it

19 RESOLVED, That the Board of Supervisors declares as follows:

20 Section 1. Pursuant to Section 36621(a) of the 1994 Act and Article 15A, the Board of
21 Supervisors declares its intention to form a property and business improvement district to be
22 designated as the "Dogpatch & Northwest Potrero Hill Green Benefit District" (the "District") for
23 a period of 10 and one half (10 1/2) years, and to levy and collect assessments against all
24 identified parcels of real property in the District for a period of 10 years, commencing with
25 FY2015-2016, subject to approval by a majority of the property owners in the District who cast

1 assessment ballots, which ballots shall be weighted according to the proportional financial
2 obligations of the affected properties. No bonds will be issued. District operations will
3 commence on or about January 1, 2016, following collection of the assessments for
4 FY2015-2016 and disbursement of the assessment proceeds to the nonprofit owners'
5 association that will administer the property-related services, activities and improvements in
6 the District pursuant to Section 36651 of the 1994 Act and a written agreement with the City.

7 Section 2. Nonpayment of assessments will have the same lien priority and delinquent
8 payment penalties and be subject to the same enforcement procedures and remedies as the
9 ad valorem property tax. All delinquent payment of assessments will be subject to interest
10 and penalties. The City Treasurer and Tax Collector will enforce imposition of interest and
11 penalties and collection of assessments pursuant to the 1994 Act, Article 15 and the San
12 Francisco Business and Tax Regulation Code, Article 6, as each may be amended from time
13 to time.

14 Section 3. The Board of Supervisors hereby approves the Management District Plan
15 and District Assessment Engineer's Report, including the estimates of the costs of the
16 property-related services, activities and improvements set forth in the plan, and the
17 assessment of said costs on the properties that will specially benefit from such services,
18 activities and improvements. The Clerk of the Board shall make the Management District
19 Plan, District Assessment Engineer's Report and other documents related to the District and
20 included in the record before the Board of Supervisors available to the public for review during
21 normal business hours, Monday through Friday 8:00 a.m. through 5:00 p.m., excluding legal
22 holidays.

23 Section 4. The Board of Supervisors hereby approves the Proposed Boundaries Map
24 showing the exterior boundaries of the District. The proposed District contains two zones,
25 Zone I and Zone II.

1 Zone I of the proposed District contains approximately 1,126 identified parcels, located
2 on approximately 53 whole or partial blocks lying approximately between the following
3 intersections: Mariposa Street and Illinois Street, Mariposa Street and Iowa Street, Illinois
4 Street and 27th Street, and Pennsylvania Street and 27th Street. Zone I is generally located
5 at: (1) Mariposa Street from Iowa Street to Illinois Street (south side only); (2) Illinois Street
6 from Mariposa Street to Cesar Chavez Street (west side only); (3) Cesar Chavez Street from
7 Illinois Street to Pennsylvania Street (north side only); (4) Pennsylvania Street from Cesar
8 Chavez Street from Mariposa Street (east side only); (5) 22nd Street from Pennsylvania to
9 Iowa Street (north side only); and (6) Iowa Street from 22nd Street to Mariposa Street (east
10 side only).

11 Zone II of the proposed District contains approximately 256 identified parcels, located
12 on approximately 16 whole or partial blocks lying approximately between the following
13 intersections: Potrero Avenue and 19th Street, 19th Street and Kansas Street, Kansas Street
14 and 16th Street, and 16th Street and Potrero Avenue. Zone II is generally located at: (1) 16th
15 Street from Potrero Avenue to Kansas Street (south side only) (completely encompassing
16 parcel 3958-006); (2) Kansas Street from the northeast corner of parcel 3958-006 traveling
17 south along the eastern perimeter of the parcel for 100 feet, then traveling west along the
18 southern perimeter of the parcel for 100 feet, then traveling south to the southeast corner of
19 parcel 4029-022; (3) 19th Street from southeast corner of parcel 4029-022 to Potrero Avenue
20 (north side only); and (4) Potrero Avenue from 19th Street to 16th Street (east side only).

21 Reference should be made to the detailed maps and the lists of parcels identified by
22 Assessor Parcel Number that are contained in the Management District Plan, in order to
23 determine which specific parcels are included in the Dogpatch & Northwest Potrero Hill Green
24 Benenfit District.

25 Section 5. A public hearing on the establishment of the District, and the levy and

1 collection of assessments starting with fiscal year 2015-2016 and continuing through
2 FY2024-2025, shall be conducted before the Board of Supervisors, sitting as a Committee of
3 the Whole, on June 9, 2015, at 3:00 p.m., or as soon thereafter as the matter may be heard in
4 the Board's Legislative Chamber, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place,
5 San Francisco, California, 94102. At this public hearing, the Board of Supervisors will hear
6 public testimony regarding the proposed formation of the District, assessments, boundaries of
7 the District, including testimony from all interested persons for or against establishment of the
8 District, the extent of the District, the levy of the assessments, the furnishing of specific types
9 of property-related services, improvements and activities, and other matters related to the
10 District. The Board of Supervisors may waive any irregularity in the form or content of any
11 written protest, and at the public hearing may correct minor defects in the proceedings. All
12 protests submitted by affected property owners and received prior to the conclusion of the
13 public testimony portion of the public hearing shall be tabulated to determine whether a
14 majority protest exists.

15 Section 6. The Board of Supervisors hereby approves the form of the Notice of Public
16 Hearing and Assessment Ballot Proceeding, and Assessment Ballot which are on file with the
17 Clerk of the Board of Supervisors in File No. _____; which are declared to be a
18 part of this resolution as if set forth fully herein.

19 Section 7. The proposed property-related services, improvements or activities for the
20 District include Maintenance, Capital Improvements, Accountability, Transparency & Citizen
21 Services, and Operations & Contingency/Reserves:

22 **Maintenance:** Maintenance includes, but is not limited to, maintenance care for new
23 and existing street trees, the maintenance and repair of irrigation systems, graffiti abatement
24 patrol officers to patrol graffiti hotspots, responses to requests for the removal of trash and
25 debris, pruning of shrubs, weed removal and fertilization, and the setting aside for the first

1 year only assessment funds to improve the maintenance of specific spaces.

2 **Capital Improvements:** Capital Improvements includes, but is not limited to: (1)
3 improvements to existing public realm areas, such as providing new playground equipment,
4 new trash and recycling receptacles, new park benches, and new irrigation systems; (2) the
5 development of new public realm areas, such as new parks, parklets, and plazas, planting
6 new trees and related bulb-outs, installing street furniture, and constructing traffic-calming
7 round-about, green spaces, at wide street intersections; and (3) developing green
8 infrastructure, such as providing new recycled water collection and distribution systems, new
9 storm water capture systems, new rainwater/storm water cisterns, and the installation of
10 energy generation and distribution systems.

11 **Accountability, Transparency, & Citizen Services:** Accountability, Transparency, &
12 Citizen Services includes, but is not limited to: (1) management of District affairs, such as the
13 finances and contracts for services, management of the relationship with the City, and
14 management of volunteer staff for the District; (2) performing marketing and communications
15 for the District, including, without limitations, the management of public relations and media
16 relations; (3) development of public communication and accountability, including, without
17 limitation, designing and updating the District's website, designing and updating the District's
18 smart phone application, and the development an outreach campaign to the City and the
19 media to ensure understanding of the purpose, work, and accomplishments of the District;
20 and (4) strategic planning, including, without limitation, updates to the District's "Green Vision
21 Plan," to convey the values, mission, goals and accomplishments of the District.

22 **Operations & Contingency/Reserves:** Operations & Contingency/Reserves,
23 includes, but is not limited to, the acquisition of insurance for operations and services,
24 providing for the expense of audit or financial reviews, and providing for potential cost
25 overruns for maintenance and improvement services up to 10%.

1 Section 8. Within the area encompassed by the proposed District, the City currently
2 provides services at the same level provided to other similar areas of the City. It is the intent
3 of the Board of Supervisors to continue to provide the area encompassed by the District with
4 the same level of services provided to these other similar areas of the City. The
5 establishment of the District will not affect the City's policy to continue to provide the same
6 level of service to the areas encompassed by the District as it provides to other similar areas
7 of the City during the duration of the District.

8 Section 9. The annual total assessments proposed to be levied and collected for the
9 first year of the District (FY2015-2016) is estimated to be \$492,859. The amount of the total
10 annual assessments to be levied and collected for years two through 10 (FYs 2016-2017
11 through 2024-2025) may be increased from one year to the next by a percentage that does
12 not exceed either the change in the Consumer Price Index for All Urban Consumers in the
13 San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area (the "CPI"), or
14 three percent (3%), whichever is less. However, to account for new assessments that could
15 be collected from potential future development in the proposed District, the maximum
16 assessment for any of years two through 10 described above in this Section 9 may be
17 increased to twice the amount.

18 Section 10. Environmental Findings. Following the approval of this Resolution, the
19 Planning Department shall determine whether the actions contemplated in this Resolution are
20 in compliance with the California Environmental Quality Act (California Public Resources
21 Code, Sections 21000 *et seq.*), and respond in writing to the Clerk of the Board of
22 Supervisors.

23 Section 11. The Clerk of the Board is directed to give notice of the public hearing as
24 provided in California Streets and Highways Code, Section 36623, California Government
25

Code, Section 53753, California Constitution, Article XIIID Section 4, San Francisco Charter,
Section 16.112, and San Francisco Administrative Code, Section 67.7-1.

LEGISLATIVE DIGEST

[Health Code - Enforcement of Service Station Bathroom Requirements and Fines]

Ordinance amending the Health Code to permit the imposition of administrative fines for violations of the duty to provide clean and sanitary washrooms for the use of gasoline station patrons

Existing Law

Section 725 of the Health Code requires that gasoline service stations provide at all times a clean and sanitary toilet and washroom for the use of the station's patrons. Although current law authorizes the Department of Public Health to conduct investigations to ensure compliance with the law, it does not establish enforcement mechanisms.

Amendments to Current Law

The proposed ordinance would amend Section 725 to permit the imposition of administrative fines for violations of the duty to provide clean and sanitary washrooms for the use of gasoline station patrons. The ordinance would authorize the Director of Health, or his designee, to issue citations upon the finding of a violation. Fines would be set at \$500 for a first violation, up to \$750 for a second violation, and up to \$1,000 for each additional violation. Where a violation pertains to building, plumbing, electrical, or other similar structural issues that do not create an immediate danger to health or safety, the person or persons operating the service station will be given time to correct the violation prior to the imposition of administrative fines. The proposed ordinance would also clarify that the duty to make a bathroom available to patrons applies only during those hours when the service station is open for business.

Background Information

Although current law requires that gasoline service stations make clean and sanitary bathrooms available to their patrons, there have been complaints that some gasoline stations have refused to give patrons access to station bathrooms, particularly at night. The denial of access to bathrooms poses a threat to public health. To improve compliance, the proposed ordinance will give the Department of Public Health the authority to impose administrative fines for violations of Section 725.

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[Health Code - Enforcement of Service Station Bathroom Requirements and Fines]

Ordinance amending the Health Code to permit the imposition of administrative fines for violations of the duty to provide clean and sanitary washrooms for the use of gasoline station patrons.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Health Code is hereby amended by revising Section 725 to read as follows:

SEC. 725. GASOLINE STATIONS.

(a) Any person or persons operating a service station for the sale and dispensing of gasoline, other motor fuels, or lubricating oil directly into motor vehicles or watercraft shall provide at all times during which the service station is open for business a clean and sanitary toilet and washroom for the use of the station's patrons.

(b) The Department of Public Health shall have responsibility for administration and enforcement, and the Director of Health may issue rules or regulations consistent with of this Section 725.

(c) Violations of this Section 725 or of any rule or regulation issued under this Section shall be punishable by administrative fines for which the Director of Health or his or her designee may issue administrative citations. Administrative Code Chapter 100 "Procedures Governing the Imposition of Administrative Fines," as amended from time to time, is hereby incorporated and shall govern the

1 imposition, enforcement, collection, and review of administrative citations issued to enforce this
2 Section and any rule or regulation adopted pursuant to this Section, with the following qualifications
3 and exceptions for purposes of this Section:

4 (1) The duties assigned to the Controller by Sections 100.1 – 100.15 of
5 Administrative Code Chapter 100 shall be assumed and performed by the Director of Health or his or
6 her designee;

7 (2) Each day a violation is committed or permitted to continue shall constitute a
8 separate violation;

9 (3) Where the violation pertains to building, plumbing, electrical, or other similar
10 structural issues that do not create an immediate danger to health or safety, the person or persons
11 operating the service station shall have twenty-four hours, or such greater time as deemed reasonable
12 under the circumstances by an employee designated by the Director of Health, to correct or otherwise
13 remedy the violation prior to the imposition of administrative fines. Violations pertaining to building,
14 plumbing, electrical or other similar structural issues that are corrected within the time deemed
15 reasonable by the Director's designee shall not be considered for purposes of calculating the amount of
16 a fine pursuant to Section 725(c)(5);

17 (4) The fine for any violation issued pursuant to this Section shall be paid to the
18 Treasurer of the City and County of San Francisco and credited to the Public Health Environmental
19 Health Code Compliance Fund, authorized by Administrative Code Section 10.100-193;

20 (5) The amount of the fine for violation of this Section 725 or of any rule or
21 regulation issued under this Section shall be up to \$500 for a first violation; up to \$750 for a second
22 violation within one year of the date of the first violation; and up to \$1,000 for each additional
23 violation within one year of the date of a second or subsequent violation;

1 (6) The Director of Health may recover any costs and fees, including but not limited
2 to attorneys' fees, for enforcement initiated through this Section 725 and authorized under this Article
3 12.

4 (d) At the request of the Fire Department, the Department of Public Health shall
5 inspect a proposed service station and certify to the Fire Department that said station is in
6 compliance with this Section 725.

7 Section 2. Effective Date. This ordinance shall become effective 30 days after
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
10 of Supervisors overrides the Mayor's veto of the ordinance.

11 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
15 additions, and Board amendment deletions in accordance with the "Note" that appears under
16 the official title of the ordinance.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA, City Attorney

20 By: _____
21 Anne Pearson
22 Deputy City Attorney

23
24
25
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SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES



Monday, June 8, 2015

5:30 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

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DOCUMENTS DEPT.

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SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

1. Call to order and roll call.

The meeting was called to order at 5:34 PM. Commissioners Dwight, White, Ortiz-Cartagena, Tour-Sarkissian and Yee-Riley were present. Commissioners Adams and Dooley were absent.

2. General Public Comment: (Discussion Item)

General Public was called for and no members of the public requested to speak.

3. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150436 [Administrative Code - Establishing Cannabis State Legalization Task Force] (Discussion and Possible Action)

Presentation by: Jeff Cretan, Aide to Supervisor Wiener

Mr. Cretan stated there are several ballot measures being circulated for 2016 to legalize cannabis. Supervisor Wiener has proposed this legislation for the formation of a Legalization Task Force in anticipation of one of the ballot measures likely passing. The task force is tasked with planning for legal, social, land use any other issues that may arise as the result of legalization.

He stated it was a 22 member task force with Seats 1-7 City department seats which are non-voting members. The remaining 15 members, detailed in the legislation, are voting members. Seat 13 is the owner of a small business.

The Commission meets for a year and will report to the BOS and Mayor on policy recommendations.

Commissioner Tour-Sarkissian asked why there wasn't a medical doctor in addition to the public health advocate on the task force. Mr. Cretan responded that the public health advocates are knowledgeable with the issue due to past experience.

Commissioner Dwight noted the absence of a member from the legal profession as legal issues will constantly arise. Mr. Cretan said he will take that recommendation back.

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1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
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Commissioners Yee-Riley and White commented on the voting status of some members, and how the numbers on the panel had increased.

Commissioner Dwight called for public comment, and Richard Lee, DPH spoke. He stated they will be administrative support for the group and they will have City Attorneys available to provide any legal assistance, which alleviated Commissioner Dwight's concern for no specific legal representation.

Public comment was closed.

Motion: Commissioner White made a motion, and Commissioner Dwight and Tour-Sarkissian suggested possibly adding a medical doctor to the task force as part of the recommendation, in place of one of the neighborhood representatives. Commissioner White amended her motion to pass the legislation with the recommendation of a medical doctor as an addition to the voting membership.

2nd: Commissioner Yee-Riley

Aye: Commissioners Dwight, Ortiz-Cartagena, Yee-Riley, Tour-Sarkissian and White

Nay: None

Absent: Commissioners Adams and Dooley.

4. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150535 [Resolution of Intention - Dogpatch & Northwest Potrero Hill Green Benefit District] (Discussion and Possible Action)

Presentation by: Jonathan Goldberg, Green Benefit District Manager, San Francisco Public Works

Mr. Goldberg stated that GBDs are public realm maintenance and landscape districts, modeled on OEWD Community Benefit District programs. This is the first GBD under formation and has broad based support among the Dogpatch and NW Potrero Hill neighborhoods, with approximately 1382 parcels and a budget of approximately \$500,000 per year. About 1/3 of that will be public realm maintenance, 1/3 on capital improvements, 1/4 on communications/marketing/website, and the remainder on contingency operations.

If approved by the BOS, it will initiate a 45 day ballot period which concludes on July 29, 2015. The District will then be formed, the baseline services agreement will be worked out with the City, the non-profit assessment entity will be formed, and assessment bills will be mailed out on November/December. They will be collected by the City and services will begin in January. The District is levied for a 10 year term.

Commissioner Dwight thanked Mr. Goldberg for his work on this, and noted this is the first GBD in the country. He signaled his support as a property and business owner in the District.

Commissioner White clarified that it is an additional property tax assessment.

Commissioner Ortiz-Cartagena asked what the biggest opposition was besides the cost. Mr. Goldberg responded the remoteness of certain landlords as opposed to residents or local owners.

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Commissioner Tour-Sarkissian requested the non-profit structure and budget be further explained. Mr. Goldberg said all CBDs are non-profit as well, and these are comprised of business owners, property owners, neighborhood representatives, and steering committee members. There is an elaborate process to determine the Board of Directors. Here 60% of seats will be determined by residents, 20% by tenants, and the remainder will be at large individuals. The City enters into an agreement with the non-profit, and that entity will be responsible for administering the funds. The City conducts audits twice annually, and there are 10-14 Board members.

Commissioner Yee-Riley asked how a GBD is different than a CBD. Mr. Goldberg replied the major difference is that a GBD is neighborhood based while a CBD is on behalf of business owners and commercial tenants. She asked an additional question about how the assessments were determined, and he responded they are determined by an assessment engineer.

Commissioner White asked why the GBD was for only 10 years. Mr. Goldberg deferred to formation committee members to provide their perspective.

Public comment was called for.

Ms. Sally Johnson spoke.

Public comment was closed.

Motion: Commissioner Tour-Sarkissian voiced support.

2nd: Commissioner White

Aye: Commissioners Dwight, Ortiz-Cartagena, Yee-Riley, Tour-Sarkissian and White.

Nay: None.

Absent: Commissioners Adams and Dooley.

Item 5 was heard after Items 6 and 7.

5. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150464 [Health Code - Enforcement of Service Station Bathroom Requirements and Fines] (Discussion and Possible Action)

Presentation by: Sunny Angulo, Aide to Supervisor Kim and Richard Lee, Department of Public Health

Ms. Angulo stated that last year Land Use and Economic Development Committee was asked to consider amendments to Public Health Code Section that would ensure that gas station bathrooms could be unisex. At that time, these amendments were considered but it was decided to first talk to DPH about how to structure the fee system. The existing law in Section 725 requires gasoline/service stations provide clean and sanitary bathrooms to patrons during business hours. It provides for DPH to conduct inspections but there has been no defined mechanism to do so under the existing law.

After discussions with DPH, Supervisor Kim is proposing to amend the current law to allow administrative fines for violations of the existing law. The ordinance would authorize DPH or designee to issue citations upon the finding of a violation. The tiered fees are up to \$500 for the first violation, up

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1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
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to \$750 for the second violation, and up to \$1000 for the third violation. Other more structural oriented violations would have 24 hours+ to correct the problem. The amendment would also clarify that the Service station is only responsible to have the restrooms open during business hours.

Commissioner Dwight asked for the definition of a patron. Ms. Angulo replied that the health code currently has 10 different references to patron that are undefined. There is one spot that defines a patron in Article 20 as a person who enters the business with the purpose of purchasing or viewing, as a shopper, merchandise offered for sale. She thinks the intent is someone that actually purchases goods or services.

Commissioner Dwight notes that the legislation states specifically that it is a person(s) who purchases gasoline, other motor fuels, or lubricating oil directly into motor vehicles. He asked if the service station also has a convenience store, is a patron also someone who buys a bag of chips. Ms. Angulo deferred to the inspector. Commissioner Dwight suggested the definition should be refined very specifically because there are businesses of all kinds that are not required to provide facilities for their patrons and so as not to leave the interpretation of the law up to people that are unable to do so.

Ms. Angulo noted they are not trying to change the definition of a patron, but clean up the legislation to offer an enforcement mechanism. Commissioner Dwight stated that rather than leave the definition to the discretion of someone levying a substantial \$500 fine, since the legislation is being amended, this is an opportunity to address what he views as a shortcoming of the legislation. Or, if the intention is to define a patron as a person that puts gasoline directly into their car, then leave the wording as is, if not it should be clarified.

Richard Lee, DPH, stated they would enforce if a complaint was received in 311 or through other avenues. If they received the call from someone that they weren't able to access a bathroom, what they would probably do is send out an inspector to purchase something, may or may not be gasoline, and then ask to use the bathroom. If they are denied access, the service station would be cited with a warning the first time. If they received another complaint or maybe they would go out without another complaint, he said, and if they were denied access again then they would be cited for the first violation. He said based on his information, a patron can be defined as a person that purchases gas or chips. In an exchange with Commissioner Dwight, he stated that if the definition of patron was debated after a fine was assessed, a fine could be administratively appealed since it is an administrative fine. A precedent setting case would have to take place to potentially resolve the issue, Commissioner Dwight said. Mr. Lee said maybe the definition should be clarified now, but he doesn't see where a patron is currently defined as just someone buying gas. Mr. Dwight said some stations have convenience stores, but that neighborhood corner convenience stores are not required to provide facilities, that there should be equal treatment. He asked how we protect the business owner as well as the legitimate patron, and define this so a business owner can protect their business and the patron can get the service they need. Again Mr. Lee stated maybe we should then clarify the definition of a patron in this legislation. Mr. Dwight said these kinds of things would come out in outreach, but was uncertain as to what kind of outreach had been conducted in this instance, but it appears there has been none.

Commissioner Tour-Sarkissian stated it is essential to define a patron so there is equal treatment. He said often gas stations are in bad neighborhoods, and they may need to shut down facilities for safety sake, but there is nothing in the legislation that there are any exceptions to the rules, and the station owner is held to a certain standard, obligated to provide safety on premises, and there are liability issues. He said there are certain hours of the day when it's just not feasible to provide open facilities; it is dangerous to the patrons. He then asked if this law prohibits charging for bathroom use. Ms. Angulo responded the legislation does not propose charging to use the bathroom. She said this law just provides

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an enforcement mechanism to the existing law. He asked the question again if the owner can charge for bathroom use, or if it's open with no restriction to a patron. She said the law stipulates that during business hours it must be open and sanitary. He said it is not a benign issue, it might be quite onerous and dangerous to provide an open bathroom during certain hours in certain neighborhoods.

Commissioner Ortiz-Cartagena asked if there was any data that there was a problem, how many complaints have been received? Ms. Angulo said that Mr. Lee stated earlier that there have been no complaints because there has been no way to enforce the law. He asked again if there has been any feedback from the public that this was a pressing issue. Ms. Angulo stated that the small businesses in District 6 have provided feedback that they don't want to bear the burden of folks not able to use restroom facilities and using their doorstep from a person that maybe did buy drinks or chips from a gas station but used the bathroom in the vicinity of their business and then they have to clean it up. Commissioner Dwight stated he thought that was a separate issue and we cannot put the onus on service stations to provide public bathrooms. It was mentioned the City does provide public bathrooms in some merchant corridors, and Supervisor Kim has been a champion of public restrooms, and piloted the Pit Stop program in last year's budget, which is currently in Tenderloin and SOMA and being expanded.

Commissioner Ortiz-Cartagena asked if there was a projected cost to taxpayers for inspectors to go at night. Mr. Lee responded inspectors are not able to earn overtime, so would earn comp time. No new inspectors would be hired.

Commissioner Dwight said that generally fines should cover the cost of enforcement, and when legislation is presented, it typically outlines how fines and fees cover the cost of administering those fees. He said the fine amounts appear to be arbitrary, and he suggests the fine structure come with some rationale, otherwise they appear to be capricious or arbitrary. Mr. Lee said there have been conversations with Supervisor Kim's office about the amounts of the fines, and to make them enough to be a detriment, and Mr. Dwight responded that was punitive. Mr. Dwight mentioned DPH recently stated that for the massage legislation, DPH specifically stated that the fines were as-is to cover administration of the fines. Mr. Dwight said that if you are going to make it punitive, you should spell that out, that businesses have the right to know.

Commissioner Yee-Riley asked about the number of complaints and where they were coming from and if they were patrons. She said this is a long standing law, and now we want to penalize businesses, but we don't even know if it is a real problem. She said we have a solution looking for a problem.

Commissioner Tour-Sarkissian asked why the Fire Department is the one who requests the inspections in the legislation. Ms. Angulo said it is part of the original legislation and you would need to speak to who wrote the original legislation to determine why.

Public comment was called for.

Jim Lazarrus, SF Chamber of Commerce, was Deputy Director to Mayor Feinstein when this law originated and said it has nothing to do with public access to bathrooms. It had to do with motorists' access to bathrooms in a time when service stations were changing to pure gas stations, not convenience stores. It had nothing to do with general public access. He spoke against the legislation and said it was a terrible burden for small businesses.

Dave Sahagan, Marianne Katajolking, Sally Johnson, and Henry Karnilowicz were opposed.

Public comment was closed.

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Commissioner Tour-Sarkissian made a motion against the legislation as drafted, and that Supervisor Kim should convene a meeting of stakeholders.

Executive Director Dick-Endrizzi clarified Commission could take action to support, non-support or to continue to work with gas station owners to come up with definitions or guidelines so enforcement can be done in a more reasonable and specific manner.

Commissioner Ortiz-Cartagena said he realized Supervisor Kim's intent was not to hurt small businesses but to have a win-win and have a healthy district. For the record, it was clarified that if restrooms are out of order they will have time to correct the problem before being fined.

Commissioner Dwight summarized the problems/points of opportunity for improvement as 1) Determine if there is a problem, and if so what? 2) Has there been any outreach to the community? 3) Is there a justification or rationale for the fine structure? 4) Has there been any assessment of unintended consequences of legislation as amended or as it was written previously? 5) What is the definition of patron? 6) Clarification/amendment of Subsection D regarding the Fire Department. 7) Difficult to enforce. 8) Exceptions should be considered. Mr. Dwight restated the motion against the legislation as presented and convene a meeting of stakeholders to discuss the points mentioned.

2nd: Commissioner White.

Aye: Commissioners Dwight, Ortiz-Cartagena, Yee-Riley, Tour-Sarkissian and White.

Nay: None.

Absent: Commissioners Adams and Dooley.

6. Presentation and Discussion of SF Biz Connect, a business to business buy local campaign.
(Discussion Item)

Presentation by: Susan Ma, Laurel Arvanitidis, Office of Economic and Workforce Development and Taryn Taddeo, SF Chamber of Commerce

Ms. Arvanitidis thanked the Commission for their encouragement to create a business to business program. Ms. Ma presented a power point and noted 95% of businesses in San Francisco are small businesses, and 55% of new jobs come from small business. Just a 1% increase in spending at restaurants and retailers in neighborhood corridors would generate an additional \$100 million to our economy, she noted. She discussed the opportunities for small business that the program created, while encouraging local spending habits. She discussed program goals and provided a brief website demo.

Commissioners Dwight, Tour-Sarkissian asked various questions about the site and the companies that have pledged and how companies can get on the list.

Commissioner Yee-Riley asked about outreach and Commissioner Ortiz-Cartagena thanked them for their efforts.

Public comment was called for.

Sally Johnson spoke.

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Henry Karnilowicz spoke in favor of the program.

Public comment was closed.

7. Presentation and Discussion of Hack the Hood, a non-profit that builds websites for small businesses. (Discussion Item)

Presentation by: Henriette Ako-Asare

Ms. Ako-Asare presented a power point on Hack the Hood. The program teaches 16-21 year old low income youths of color web development skills to prepare them for careers in technology by offering free websites to small businesses. In 2013-14 they built websites for over 250 small businesses. In 2015 they are expanding into San Francisco and other Bay Area cities, and hope to help 1500 small businesses over the next 5 years, and have 5000 youth served over the 5 year span.

Commissioners Dwight, White and Tour-Sarkissian asked various questions related to staffing, budget, how many youths it has helped, and expressed that they thought it was a wonderful program for all involved.

Commissioners White, and Yee Riley asked questions about the youth participants, and commented that it is very beneficial to students and the community.

Executive Director Dick-Endrizzi expressed her support and asked about their outreach.

Public comment was called for.

Henry Karnilowicz spoke in favor of the program.

Public comment was closed.

8. Approval of Draft Meeting Minutes May 11, 2015. (Action Item)

Motion: Commissioner White motioned to adopt the meeting minutes.

2nd: Commissioner Ortiz-Cartagena

Aye: Dwight, Yee-Riley, Tour-Sarkissian

Nay: None

Absent: Dooley and Adams

9. Director's Report: (Discussion Item)

Executive Director Dick-Endrizzi stated that meetings are scheduled with Supervisors to discuss development of Legacy Business Registry, and she will provide input from them at next meeting.

She extended her appreciation to everyone involved in Small Business Week, including the Commissioners. The 2015 Honoree List was noted.

She noted the California Commission on Disability Access will conduct a hearing June 24th 12-4:00 pm in Room 416 at City Hall with DBI's Access Appeal Board on a Checklist Guide for CASp and building inspectors. She will present work the City has been doing.

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1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
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415.554.6134

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Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100, FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics>.

CHEMICAL SENSITIVITY

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical base products. Please help the City accommodate these individuals.

SMALL BUSINESS COMMISSION
1 DR. CARLTON B. GOODLETT PLACE, ROOM 110
SAN FRANCISCO, CA 94102
415.554.6134

REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/ COMMISSION SECRETARY, BRIAN POOLE



SMALL BUSINESS COMMISSION
NOTICE OF MEETING & AGENDA



Monday, June 22, 2015
2:00 P.M.

06-18-15P03:19 REV0

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

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DOCUMENTS DEPT

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SMALL BUSINESS COMMISSIONERS

Mark Dwight, President
Monetta White, Vice President
Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena
Irene Yee Riley, Paul Tour-Sarkissian

SF
552
#1
6/22/15

1. Call to order and roll call.

2. **General Public Comment:** Allows members of the public to comment generally on matters within the Commission's purview, and suggest new agenda items for the Commission's future consideration. (Discussion Item)

3. **Approval of the June 8, 2015 regular meeting minutes.** (Action Item)

Explanatory Documents: DRAFT Meeting Minutes June 8, 2015

4. **Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150465 [Planning Code - Accessory Use Entertainment in Specified Western South of Market Districts]** (Discussion and Possible Action)

Ordinance amending the Planning Code to allow accessory use entertainment (with limited live performance permits) in the Western South of Market Mixed Use General and Regional Commercial Districts; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Explanatory Documents: BOS File No. 150465 Legislative Digest; BOS File No. 150465

Presentation by April Veneracion, Legislative Aide to Supervisor Jane Kim (tentative)

5. **Informational Presentation of File No. 150633 [Hearing – Initiative Ordinance – Administrative Code – Establishing the Legacy Business Historic Preservation Fund]** (Discussion Item)

Hearing to consider the proposed initiative ordinance submitted by four or more Supervisors to the voters at the November 3, 2015, Election entitled "Ordinance amending the Administrative Code to modify the definition of a Legacy Business and to establish the Legacy Business Historic Preservation Fund, which will fund grants for Legacy Businesses equal to \$500 per full-time equivalent employee in San Francisco and grants for landlords that extend real property leases to Legacy Businesses for terms of at least ten years equal to \$4.50 per square foot of the improvements in San Francisco leased to the Legacy Businesses.

Explanatory Documents: BOS File No. 150633

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Presentation by Hillary Ronen, Legislative Aide to Supervisor David Campos

6. Presentation and Discussion of Working Solutions Micro Loan program update. (Discussion Item)

Presentation by Emily Gasner, CEO, Working Solutions

7. Discussion and possible action. Analysis of the State and Local Paid Sick leave laws. (Discussion and possible action)

8. Discussion on the Legacy Business Registry. (Discussion item)

9. Director's Report: Update and report on the Office of Small Business and the Small Business Assistance Center, update on department programs, recent announcement from the Mayor, newly introduced policy matters, update on legislative matters, and announcements regarding small business activities. (Discussion Item)

10. President's Report: Allows the President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

11. Vice President's Report: Allows the Vice President to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

12. Commissioner Reports: Allows Commissioners to report on recent small business activities and make announcements that are of interest to the small business community. (Discussion Item)

13. New Business: Allows Commissioners to introduce new agenda items for future consideration by the Commission. (Discussion Item)

14. Adjournment (Action Item)

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

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REGINA DICK-ENDRIZZI, EXECUTIVE DIRECTOR/BRIAN POOLE, COMMISSION SECRETARY

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at (415) 554-6083. To obtain a free copy of the Sunshine Ordinance contact:

City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
Office: (415) 554-7724
Fax: (415) 554-5163
E-Mail:

sotf@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

Cell Phone and/or Sound-Producing Electronic Device Usage at Hearings

Effective January 21, 2001, the Board of Supervisors amended the Sunshine Ordinance by adding the following provision: The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Disability Access Policy

Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call (415) 923-6142. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street). American Sign Language interpreters and/or a sound enhancement system will be available upon request by contacting Milton Edelin at (415) 558-6410 at least 72 hours prior to a hearing. Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call the accessibility hotline at (415) 554-8925 to discuss meeting accessibility. In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Translation Services

Interpreters for languages other than English are available on request. Sign language interpreters are also available on request. For other accommodations, please call the Department of Human Services staff support representative at (415) 557-5989 at least two business days before a meeting.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by San Francisco Lobbyist Ordinance [Article II of the San Francisco Campaign and Governmental Conduct Code] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Ave., Suite 220, SF 94102 (415) 252-3100. FAX (415) 252-3112 and web site address at <http://www.sfgov.org/ethics/>.

Chemical Sensitivity

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LEGISLATIVE DIGEST

[Planning Code - Accessory Use Entertainment in Specified Western South of Market Districts]

Ordinance amending the Planning Code to allow accessory use entertainment (with limited live performance permits) in the Western South of Market Mixed Use General and Regional Commercial Districts; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Planning Code Section 703.2 specifies the uses permitted in Neighborhood Commercial Districts. Permitted uses are either principal, conditional, accessory, or temporary. An Entertainment use is permitted as an accessory use as long as it both (1) involves a Limited Live Performance Permit and (2) is located outside of a Regional Commercial District. The Regional Commercial District, which is established in Section 744, is located along the 9th Street and 10th Street corridors, generally running from Mission Street to Harrison Street.

Planning Code Section 803.3 specifies the uses permitted in Eastern Neighborhoods Mixed Use Districts and South of Market Mixed Use Districts. Permitted uses are either principal, conditional, accessory, or temporary. A Nighttime Entertainment use with a Limited Live Performance permit is allowed in any District except for an RED, RED-MX, RSD, SLR, MUR, WMUG, or MUG District.

Amendments to Current Law

Planning Code Sections 703.2 and 803.3 are amended to allow Entertainment with a Limited Live Performance Permit as an accessory use in the WMUG and RCD Districts in the Western South of Market area.

Background Information

The Limited Live Performance Permit was introduced in 2011; it is defined and regulated by Section 1060 et seq. of the Police Code. The Limited Live Performance Permit allows activities such as singing, dancing, poetry recitation, fashion or style show, recorded music presented by a live disc jockey, or the playing or use of any instrument to be performed as a secondary activity at a place where food, beverages, or food and beverages are served to patrons or members.

Due to neighborhood concerns, the Limited Live Performance Permit was not originally made available in some South of Market areas. The Entertainment Commission has now had

experience with the Limited Live Performance Permits for four years, and has reported that there have been only a few complaints none of which has resulted in revocation or suspension of the permit. It would be beneficial to the owners and operators of restaurants, bars, cafes, and event spaces to be able to obtain permits for live performances as an accessory use in some areas South of Market where live performances are currently prohibited. Based on the Entertainment Commission's experience with Limited Live Performance Permits over the past four years, the Commission has advised that it does not believe this would have an adverse impact on the neighborhood.

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[Planning Code - Accessory Use Entertainment in Specified Western South of Market Districts]

Ordinance amending the Planning Code to allow accessory use entertainment (with limited live performance permits) in the Western South of Market Mixed Use General and Regional Commercial Districts; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font. **Additions to Codes** are in single-underline italics Times New Roman font. **Deletions to Codes** are in ~~strikethrough italics Times New Roman font~~. **Board amendment additions** are in double-underlined Arial font. **Board amendment deletions** are in ~~strikethrough Arial font~~. **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. _____ and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

Section 2. The Planning Code is hereby amended by revising Sections 703.2 and 803.3, to read as follows:

SEC. 703.2. USES PERMITTED IN NEIGHBORHOOD COMMERCIAL DISTRICTS.

A use is the specific purpose for which a property or building is used, occupied, maintained, or leased. Whether or not a use is permitted in a specific district is set forth or summarized and cross-referenced in Article 7 of this Code for each district class.

(b) **Use Limitations.** The uses permitted in Neighborhood Commercial Districts are either principal, conditional, accessory, or temporary uses as stated in this Section, and include those uses set forth or summarized and cross-referenced in the zoning control categories as listed in this Code for each district class.

(1) **Permitted Uses.** All permitted uses shall be conducted within an enclosed building in Neighborhood Commercial Districts, unless otherwise specifically allowed in this Code. Exceptions from this requirement are: uses which, when located outside of a building, qualify as an outdoor activity area, as defined in Section 790.70 of this Code; accessory off-street parking and loading and other uses listed below which function primarily as open-air uses, or which may be appropriate if located on an open lot, outside a building, or within a partially enclosed building, subject to other limitations of this Article 7 and other sections of this Code.

No.	Zoning Control Category
56.	Automobile Parking
57.	Automotive Gas Station
58.	Automotive Service Station
60.	Automotive Wash
61.	Automobile Sale or Rental

81.	Other Institutions, Large (selected)
83.	Public Use (selected)
95.	Community Residential Parking

If there are two or more uses in a structure and none is classified below under Section 703.2(b)(1)(C) of this Code as accessory, then each of these uses will be considered separately as independent principal, conditional or temporary uses.

* * * *

(C) Accessory Uses. Except as prohibited in Section 728 and subject to the limitations set forth below and in Sections 204.1 (Accessory Uses for Dwelling Units in R and NC Districts), 204.4 (Dwelling Units Accessory to Other Uses), and 204.5 (Parking and Loading as Accessory Uses) of this Code, a related minor use which is either necessary to the operation or enjoyment of a lawful principal use or conditional use, or is appropriate, incidental and subordinate to any such use, shall be permitted as an accessory use when located on the same lot. Any use which does not qualify as an accessory use shall be classified as a principal or conditional use, unless it qualifies as a temporary use under Sections 205 through 205.4 of this Code.

No use will be considered accessory to a permitted principal or conditional use which involves or requires any of the following:

(i) The use of more than 1/3 of the total floor area occupied by such use and the principal or conditional use to which it is accessory, except in the case of accessory off-street parking and loading and accessory wholesaling, manufacturing or processing of foods, goods, or commodities;

(ii) Any Bar or Restaurant, or any other retail establishment which serves liquor for consumption on-site;

1 (iii) Any Take-Out Food use, as defined in Section 790.122, except
2 for a Take-Out Food use which occupies 1/3 of the total floor area or up to 500 s/f whichever
3 is more restrictive in a general grocery or specialty grocery store. This Take-Out Food use
4 includes the area devoted to food preparation and service and excludes storage and waiting
5 areas;

6 (iv) Any Take-Out Food use, as defined in Section 790.122,
7 except for a Take-Out Food use operating as a minor and incidental use within a Restaurant
8 or Limited-Restaurant use;

9 (v) The wholesaling, manufacturing or processing of foods, goods,
10 or commodities on the premises of an establishment which does not also use or provide for
11 retail sale of such foods, goods or commodities at the same location where such wholesaling,
12 manufacturing or processing takes place.

13 (vi) Any retail liquor sales, as defined in Section 790.55, except for
14 beer, wine, and/or liquor sales for the consumption off the premises with a State of California
15 Alcoholic Beverage Control ("ABC") Board License type 20 (off-sale beer and wine) or type 21
16 (off-sale general) which occupy less than 15% of the gross square footage of the
17 establishment (including all areas devoted to the display and sale of alcoholic beverages) in a
18 general grocery store or specialty grocery store, or Limited-Restaurant use (ABC license type
19 20 only).

20 (vii) Medical Cannabis Dispensaries as defined in 790.141.

21 The foregoing rules shall not prohibit take-out food activity which operates in
22 conjunction with a Limited-Restaurant or a Restaurant. A Limited-Restaurant or a Restaurant,
23 by definition, includes take-out food as an accessory and necessary part of its operation.
24
25

(viii) Any other entertainment use, as defined in Section 790.38, except for one that ~~both (1)~~ involves a Limited Live Performance Permit as set forth in Police Code Section 1060 et seq. ~~and (2) is located outside of the RCD.~~

* * * *

SEC. 803.3. USES PERMITTED IN EASTERN NEIGHBORHOODS MIXED USE DISTRICTS AND SOUTH OF MARKET ~~USE~~ MIXED USE DISTRICTS.

(a) **Use Categories.** A use is the specified purpose for which a property or building is used, occupied, maintained, or leased. Whether or not a use is permitted in a specific Eastern Neighborhood Mixed Use District and South of Market Mixed Use District is generally set forth, summarized or cross-referenced in Sections 813 through 818 and 840 through 847 of this Code for each district class.

(b) **Use Limitations.** Uses in Eastern Neighborhood Mixed Use Districts and South of Market Mixed Use Districts are either permitted, conditional, accessory, temporary or are not permitted.

(1) **Permitted Uses.** If there are two or more uses in a structure, any use not classified below under Section 803.3(b)(1)(C) of this Code as accessory will be considered separately as an independent permitted, conditional, temporary or not permitted use.

* * * *

(C) **Accessory Uses.** Subject to the limitations set forth below and in Sections 204.1 (Accessory Uses for Dwelling Units in R and NC Districts), 204.2 (Accessory Uses for Uses Other Than Dwellings in R Districts); 204.4 (Dwelling Units Accessory to Other Uses), and 204.5 (Parking and Loading as Accessory Uses) of this Code, an accessory use is a related minor use which is either necessary to the operation or enjoyment of a lawful principal use or conditional use, or is appropriate, incidental and subordinate to any such use, and shall be permitted as an accessory use in an Eastern Neighborhoods Mixed Use District

1 and South of Market Mixed Use District. In order to accommodate a principal use which is
2 carried out by one business in multiple locations within the same general area, such
3 accessory use need not be located in the same structure or lot as its principal use provided
4 that (1) the accessory use is located within 1,000 feet of the principal use; and (2) the multiple
5 locations existed on April 6, 1990 (the effective date of this amendment). Accessory uses to
6 non-office uses (as defined in Section 890.70) may occupy space which is non-contiguous or
7 on a different story as the principal use so long as the accessory use is located in the same
8 building as the principal use and complies with all other restrictions applicable to such
9 accessory uses. Any use which does not qualify as an accessory use shall be classified as a
10 principal use.

11 No use will be considered accessory to a principal use which involves or requires any
12 of the following:

13 (i) The use of more than one-third of the total occupied floor area
14 which is occupied by both the accessory use and principal use to which it is accessory,
15 combined, except in the case of accessory off-street parking or loading which shall be subject
16 to the provisions of Sections 151, 156 and 157 of this Code;

17 (ii) A hotel, motel, inn, hostel, adult entertainment, massage
18 establishment, large fast food restaurant, or movie theater use in a RED, RED-MX, SPD,
19 RSD, SLR, SLI, SSO, DTR, MUG, WMUG, MUR, MUO, WMUO, SALI or UMU District;

20 (iii) Any take-out food use, except for a take-out food use which
21 occupies 100 square feet or less (including the area devoted to food preparation and service
22 and excluding storage and waiting areas) in a restaurant, bar, catering establishment, bakery,
23 retail grocery or specialty food store.

24 (iv) Any sign not conforming to the limitations of Section
25 607.2(f)(3).

1 (v) Medical Cannabis Dispensaries as defined in 890.133.

2 (vi) Any nighttime entertainment use, as defined in Section

3 102-17; provided, however, that a Limited Live Performance Permit as set forth in Police Code
4 Section 1060 et seq. is allowed in any District except for an RED, RED-MX, RSD, SLR, MUR,
5 ~~#MUG~~, or MUG District.

6 * * * *

7
8 Section 3. Effective Date. This ordinance shall become effective 30 days after
9 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
10 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
11 of Supervisors overrides the Mayor's veto of the ordinance.

12
13 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
14 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
15 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
16 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
17 additions, and Board amendment deletions in accordance with the "Note" that appears under
18 the official title of the ordinance.

19
20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22 By: _____
23 JUDITH A. BOYAJIAN
24 Deputy City Attorney

25 n:\egana\as2015\1500616\01006294.doc

BOS-11, COB, Leg Dep,
Leg clerk, Dep city atty,
mayor's office

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Submittal Form
For Proposed Initiative Measure(s)
Prior to the Submittal
to the
Department of Elections

By 4 or more Board of Supervisors or the Mayor

I, hereby submit the following proposed initiative measure(s) for hearing before the Board of Supervisors, Rules Committee prior to the submittal of the proposed initiative measure to the Department of Elections. (Prop C, Nov. 2007)

This matter is for the November 3, 2015 Election.

Sponsor(s): Supervisor or Mayor

Supervisors David Campos, John Avalos, Jane Kim, Eric Mar

SUBJECT: Establishing the Legacy Business Historic Preservation Fund

The text is attached:

Signatures of Sponsoring Supervisors:

Supervisor David Campos

Supervisor John Avalos

Supervisor Jane Kim

Supervisor Eric Mar

Time Stamp by Clerk's Office:

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DEPARTMENT OF ELECTIONS

Submittal Form
For Proposed Initiative Measure(s)
Prior to the Submittal
to the

Department of Elections

By 4 or more Board of Supervisors or the Mayor

I, hereby submit the following proposed initiative measure(s) for hearing before the Board of Supervisors, Rules Committee prior to the submittal of the proposed initiative measure to the Department of Elections. (Prop C. Nov. 2007)

This matter is for the November 3, 2015 Election.

Sponsor(s): Supervisor or Mayor

Supervisor David Campos
Supervisor John Avalos
Supervisor Jane Kim
Supervisor Eric Mar

SUBJECT: Establishing the Legacy Business Historic Preservation Fund

The text and signatures are attached:

Time Stamp by Clerk's Office:

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**PROPOSED INITIATIVE ORDINANCE TO BE SUBMITTED BY FOUR OR MORE
SUPERVISORS TO THE VOTERS AT THE NOVEMBER 3, 2015 ELECTION.**

[Under Charter Section 2.113(b), this measure must be submitted to the Board of Supervisors and filed with the Department of Elections no less than 45 days prior to the deadline for submission of such initiatives to the Department of Elections set in Municipal Elections Code Section 300(b).]

[Initiative Ordinance - Administrative Code - Establishing the Legacy Business Historic Preservation Fund]

Ordinance amending the Administrative Code to modify the definition of a Legacy Business and to establish the Legacy Business Historic Preservation Fund, which will fund grants for Legacy Businesses equal to \$500 per full-time equivalent employee in San Francisco and grants for landlords that extend real property leases to Legacy Businesses for terms of at least ten years equal to \$4.50 per square foot of the improvements in San Francisco leased to the Legacy Businesses.

NOTE: Unchanged Code text and uncodified text are in plain font.
Additions to Codes are in single-underline italics Times New Roman font.
Deletions to Codes are in ~~strikethrough italics Times New Roman font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Administrative Code is hereby amended by revising Section 2A.242, to read as follows:

SEC. 2A.242. LEGACY BUSINESS REGISTRY.

(a) The ~~Small Business Commission~~Office of Small Business shall establish and maintain a registry of Legacy Businesses in San Francisco (the "Registry"). The purpose of the Registry

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is to recognize that longstanding, community-serving businesses can be valuable cultural assets of the City. In addition, the City intends that the Registry be a tool for providing educational and promotional assistance to Legacy Businesses to encourage their continued viability and success.

(b) For purposes of this Section 2A.242, "Legacy Business" means a business that has been nominated by a member of the Board of Supervisors or the Mayor in accordance with subsection (c) below, and that the Small Business Commission, after a noticed hearing, determines meets each of the following criteria:

(1) The business has operated in San Francisco for 30 or more years, with no break in San Francisco operations exceeding two years. The business may have operated in more than one location or jurisdiction, but must have been founded or currently be headquartered in San Francisco. If the business has operated in San Francisco for more than 20 years but less than 30 years it may still satisfy this subsection (b)(1) if the Small Business Commission finds that the business has significantly contributed to the history or identity of a particular neighborhood or community and, if not included in the Registry, the business would face a significant risk of displacement.

(2) The business has contributed to the neighborhood's history and/or the identity of a particular neighborhood or community. Prior to the hearing, the Small Business Commission, or the Executive Director of the Office of Small Business on its behalf, shall request an advisory recommendation from the Historic Preservation Commission as to whether the business meets the requirement in this subsection (b)(2). If the Historic Preservation Commission does not provide an advisory recommendation within 30 days of receipt of the request, the Small Business Commission shall treat such nonresponse as an advisory recommendation that the business meets the requirement in this subsection (b)(2).

(3) The business is committed to maintaining the physical features or traditions that define the business, including craft, culinary, or art forms.

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If the Small Business Commission makes all three findings, it shall include the business in the Registry as a Legacy Business.

(c) Nominations for the Registry shall be limited to a total of 300 businesses per fiscal year (July 1 through June 30). A nomination is deemed to have been made on the date the Small Business Commission receives the nomination in writing from a member of the Board of Supervisors or the Mayor. Nominations received after the close of business on June 30 shall be considered received in the following fiscal year. The nominations for any fiscal year shall be the first 300 received in that fiscal year.

There is no limit on the number of nominations that may be made by the Mayor or a Member of the Board of Supervisors. Notwithstanding the previous sentence, the Small Business Commission may adopt regulations under subsection (e) below to ensure that the Mayor and each member of the Board of Supervisors have the same opportunity to submit nominations, and to prescribe procedures as appropriate for the nomination process.

(ed) The Small Business Commission Executive Director of the Office of Small Business, in consultation with the Controller, shall establish an ~~one-time non-refundable~~ administrative fee, to offset the costs of administering the program, ~~which shall but not to exceed \$50, to be paid by~~ for businesses that are nominated for inclusion in the Registry and that wish to be included in the Registry.

(de) The Small Business Commission may, after a noticed hearing, adopt such rules, regulations, and forms necessary to implement this Section 2A.242. ~~Any rules and regulations adopted under this authority shall be subject to disapproval of the Board of Supervisors by ordinance. The Small Business Commission shall provide written notice to the Clerk of the Board of Supervisors of its adoption of any rule or regulation under this subsection (e), along with a copy of said rule or regulation. If a Member of the Board of Supervisors does not introduce an ordinance to disapprove the rule or regulation within 30 days of the date of delivery of such notice to the Clerk of the Board of~~

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Supervisors, or if such an ordinance is introduced within the 30-day period but the ordinance is not enacted by the Board of Supervisors within 90 days of the date of the Commission's delivery of notice to the Clerk of the Board of Supervisors, the rule or regulation shall go into effect.

(ef) The Small Business Commission shall survey San Francisco's Legacy Businesses and, no later than September 30, 2015, make substantive recommendations to the Board of Supervisors for programs for Legacy Businesses. Such programs may include business and technical assistance, lease renewal and acquisition assistance, public education and commendation initiatives to recognize and honor the contributions of Legacy Businesses to San Francisco, financial incentives to encourage the stability of Legacy Businesses, and additional business stabilization and neighborhood continuity initiatives.

Section 2. The Administrative Code is hereby amended by adding Section 2A.243, to read as follows:

SEC. 2A.243. LEGACY BUSINESS HISTORIC PRESERVATION FUND.

(a) Findings and Purpose.

(1) According to a September 2014 report by San Francisco Architectural Heritage (San Francisco Heritage) entitled "Sustaining San Francisco's Living History: Strategies for Conserving Cultural Heritage Assets," long-operating businesses in San Francisco foster civic engagement and pride as neighborhood gathering spots, and contribute to San Francisco's cultural identity.

(2) In San Francisco's current economic climate, many otherwise successful, long-operating businesses are at risk of displacement, despite continued value to the community and a record of success.

(3) In recent years, San Francisco has witnessed the loss of many long-operating businesses because of increased rents or lease terminations.

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(4) To the extent that property owners have little incentive to retain longstanding tenants, a long-operating business that does not own its commercial space or have a long-term lease is particularly vulnerable to displacement. A viable strategy for securing the future stability of San Francisco's long-operating businesses is to provide incentives for them to stay in the community, and incentives for their landlords to enter into long-term leases with such businesses.

(5) The purpose of the Legacy Business Historic Preservation Fund, therefore, is to maintain San Francisco's cultural identity and to foster civic engagement and pride by assisting long-operating businesses to remain in the City.

(b) Grants To Legacy Businesses.

(1) Qualifications for Grant. Subject to the budgetary and fiscal provisions of the City Charter, the Office of Small Business shall award a Legacy Business, as defined in Section 2A.242, an annual grant as calculated in subsection (b)(3) below, provided that the Legacy Business: (A) annually files an application for the grant with the Office of Small Business between July 1 and September 30; (B) has no amounts owing to the City as a result of fines, penalties, interest, assessments, taxes, fees, or any other financial obligations imposed by law, regulation, or contract that were delinquent as of the date of application; and (C) meets all other requirements for the grant established by this Section 2A.243 and by any rules and regulations of the Small Business Commission. A Legacy Business qualifying under this subsection (b)(1) shall be referred to as a "Qualified Legacy Business" for purposes of this Section 2A.243.

(2) Grant Application. A Legacy Business seeking a grant under subsection (b) of this Section 2A.243 shall submit an application on a form prepared by the Office of Small Business, and shall certify: (A) the number of full-time equivalent employees employed in San Francisco by the Legacy Business as of the immediately preceding June 30; and (B) that the Legacy Business meets all of the requirements for the grant established by this Section 2A.243 and by any rules and regulations of the Small Business Commission. For purposes of this Section 2A.243, the number of full-time

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equivalent employees employed in San Francisco by a Legacy Business as of the immediately preceding June 30 is determined by adding, for each employee employed as of that date, the employee's average weekly hours over the preceding 12 months (July 1-June 30), dividing the result by 40, and rounding to the nearest full employee.

(3) Amount of Grant. After the September 30 application deadline, the Office of Small Business shall award to a Qualified Legacy Business a grant equal to \$500 per full-time equivalent employee employed in San Francisco by the Qualified Legacy Business as of the immediately preceding June 30, up to a maximum of 100 full-time equivalent employees, except that the total combined grants paid to all Qualified Legacy Businesses in a fiscal year (July 1-June 30) shall not exceed the appropriations into the Legacy Business Assistance Account in the Legacy Business Historic Preservation Fund. If in a fiscal year the total grants requested by Qualified Legacy Businesses under this Section 2A.243 exceed the amount of the appropriations into the Legacy Business Assistance Account, the Office of Small Business shall allocate the grants to be paid to all Qualified Legacy Businesses proportionately based on the number of full-time equivalent employees employed in San Francisco by each Qualified Legacy Business as of the immediately preceding June 30. The Office of Small Business shall pay the grants from the Legacy Business Assistance Account in the Legacy Business Historic Preservation Fund.

(c) Grants To Landlords.

(1) Qualifications for Grant. Subject to the budgetary and fiscal provisions of the City Charter, the Office of Small Business shall award an annual grant to a landlord that, on or after January 1, 2016, enters into an agreement with a Legacy Business that leases real property in San Francisco to the Legacy Business for a term of at least 10 years or extends the term of the Legacy Business's existing lease to at least 10 years, for each year of a lease entered into on or after January 1, 2016, or each year that was added to an existing lease on or after January 1, 2016 (e.g., an existing five-year lease that is extended to 20 years on January 1, 2016 would entitle the landlord to 15

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years of grants), as calculated in subsection (c)(3) below, provided that: (A) the landlord files an initial application for the grant with the Office of Small Business after execution of the qualifying lease, and annually files an application for the grant prior to the anniversary date of the landlord's first grant payment; (B) the lease meets all other criteria required by rules and regulations of the Small Business Commission, including criteria tied to the amount of rent and other lease provisions that may impact the long-term stability of the Legacy Business; (C) the landlord has no amounts owing to the City as a result of fines, penalties, interest, assessments, taxes, fees, or any other financial obligations imposed by law, regulation, or contract that were delinquent as of the date of application; (D) the landlord is not related by ownership, either directly or indirectly, to the Legacy Business to which the landlord leases the property; and (E) the landlord meets all other requirements for the grant established by this Section 2A.243 and by any rules and regulations of the Small Business Commission. Any lease or lease extension between a landlord and a Legacy Business shall not fail to meet the requirements of this subsection (c)(1) as a result of a provision in the lease making the lease, or any portion thereof, contingent upon the landlord receiving a grant from the City under this subsection (c)(1) equal to \$4.50 per square foot, up to a maximum of 5,000 square feet per location, of the improvements in San Francisco leased to the Legacy Business from which the Legacy Business operates its business. A landlord qualifying under this subsection (c)(1) shall be referred to as a "Qualified Landlord" for purposes of this Section 2A.243.

(2) Grant Application. A landlord seeking a grant under subsection (c)(1) of this Section 2A.243 shall submit an application on a form prepared by the Office of Small Business, and shall include: (A) a certification of the total square footage of the improvements in San Francisco leased to the Legacy Business from which the Legacy Business operates its business; (B) a copy of the lease with the Legacy Business; and (C) a certification that the landlord meets all of the requirements for the grant established by this Section 2A.243 and by any rules and regulations of the Small Business Commission. The landlord shall submit any subsequent annual applications for grants under

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subsection (c)(1) by the anniversary date of their first grant payment under subsection (c)(1) on a form prepared by the Office of Small Business, and shall include: (A) a certification of the total square footage of the improvements in San Francisco leased to the Legacy Business from which the Legacy Business operates its business; (B) a certification that there have been no changes to the lease that would impact the Qualified Landlord's eligibility for the grant; and (C) a certification that the Qualified Landlord continues to meet all of the requirements for the grant established by this Section 2A.243 and by any rules and regulations of the Small Business Commission. If the Office of Small Business denies a landlord's application for a grant, the Office of Small Business shall, to the extent permitted by law, keep confidential any lease submitted by that landlord under this subsection (c)(2) in connection with the application. If the Office of Small Business approves a landlord's application for a grant, the Office of Small Business shall, to the extent permitted by law, keep confidential all provisions in any lease submitted by that landlord under this subsection (c)(2) in connection with the application to the extent that such provisions did not form some or all of the basis for the Office of Small Business's decision to award the grant to the landlord.

(3) Amount of Grant. Following a landlord's initial application and on the anniversary date of a Qualified Landlord's first grant payment thereafter, the Office of Small Business shall pay to a Qualified Landlord a grant equal to \$4.50 per square foot, up to a maximum of 5,000 square feet per location, of the improvements in San Francisco leased to the Legacy Business from which the Legacy Business operates its business, except that the total grants paid to all Qualified Landlords in a fiscal year shall not exceed the appropriations into the Legacy Business Rent Stabilization Account in the Legacy Business Historic Preservation Fund. The Office of Small Business shall pay the grants from the Legacy Business Rent Stabilization Account in the Legacy Business Historic Preservation Fund. The Office of Small Business shall allocate funds from the Legacy Business Rent Stabilization Account among Qualified Landlords as follows:

(A) The Office of Small Business shall allocate amounts in the Legacy Business Rent Stabilization Account to cover all grants to be made during the fiscal year to Qualified Landlords from prior years that have years remaining on their leases with respect to which the Qualified Landlords are entitled to grants. If sufficient funds do not exist to cover all grants to be made during the fiscal year to these Qualified Landlords from prior years, the Office of Small Business shall allocate the amount in the Legacy Business Rent Stabilization Account to these Qualified Landlords from prior years proportionately based on the square footage of the improvements in San Francisco leased to the Legacy Businesses from which the Legacy Businesses operate their businesses.

(B) If there are sufficient funds in the Legacy Business Rent Stabilization Account to pay all grants during the fiscal year to Qualified Landlords from prior years, grants to new Qualified Landlords will be made out of any amount remaining in the Legacy Business Rent Stabilization Account (after subtracting amounts necessary to pay all grants during the fiscal year to Qualified Landlords from prior years) in the order that the Office of Small Business receives the Qualified Landlords' completed grant applications, beginning on July 1 of each fiscal year. If any Qualified Landlord from a prior year fails to apply for a grant in a subsequent year or fails to qualify in a subsequent year, the amount of funds that would have been paid to that previously Qualified Landlord shall be available to pay grants to new Qualified Landlords under this subsection (c)(3)(B).

(C) If the Small Business Commission determines that a Legacy Business faces an immediate risk of displacement and that a grant under subsection (c)(1) of this Section 2A.243 would prevent such displacement, but there are insufficient funds in the Legacy Business Rent Stabilization Account (after subtracting any amounts to be paid during the fiscal year to Qualified Landlords from prior years) to make such a grant, the Small Business Commission may request a supplemental appropriation from the Board of Supervisors. Such supplemental appropriation will be used first to pay the grant to the Legacy Business that faces an immediate risk of displacement, with any remaining amount being available to pay grants to new Qualified Landlords.

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DEPARTMENT OF ELECTIONS

(d) Implementation.

(1) After holding a public hearing, the Small Business Commission, in consultation with the Controller, shall adopt rules and regulations to establish the procedures to implement this Section 2A.243. Any rules and regulations adopted under this authority shall be subject to disapproval of the Board of Supervisors by ordinance. The Small Business Commission shall provide written notice to the Clerk of the Board of Supervisors of its adoption of any rule or regulation under this subsection (d)(1), along with a copy of said rule or regulation. If a Member of the Board of Supervisors does not introduce an ordinance to disapprove the rule or regulation within 30 days of the date of delivery of such notice to the Clerk of the Board of Supervisors, or if such an ordinance is introduced within the 30-day period but the ordinance is not enacted by the Board of Supervisors within 90 days of the date of the Commission's delivery of notice to the Clerk of the Board of Supervisors, the rule or regulation shall go into effect.

(2) The Office of Small Business shall have the authority to verify all information provided by a Legacy Business or landlord in connection with an application for a grant under this Section 2A.243. Failure of a Legacy Business or landlord to comply with information requests from the Office of Small Business, or the provision of false information in connection with an application or in response to such requests, shall result in the denial of any grant under this Section 2A.243.

(e) Reports.

(1) By the first business day of June of each year commencing with June 2017, the Executive Director of the Office of Small Business shall file a written report with the Board of Supervisors on the implementation of this Section 2A.243. The report shall include a list of: (A) each Qualified Legacy Business and the amount of the grant paid to each Qualified Legacy Business for the prior fiscal year; and (B) each Qualified Landlord, the Legacy Business to which the Qualified Landlord leased the real property, and the amount of the grant paid to each Qualified Landlord for the

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prior fiscal year. The report may include other information relevant to implementation of this Section 2A.243, at the discretion of the Executive Director of the Office of Small Business.

(2) Commencing in fiscal year 2020-2021 (July 2020-June 2021), the Controller shall perform an assessment and review of the effect of this Section 2A.243 on the stability of Legacy Businesses for the prior five fiscal years. Based on such assessment and review, the Controller shall file a written analysis with the Board of Supervisors by no later than the first business day of October 2020, and by the first business day of October at five-year intervals thereafter. The analysis shall be based on criteria deemed relevant by the Controller, and may include, but is not limited to, data contained in the annual reports that the Office of Small Business submits to the Board of Supervisors under subsection (e)(1) above.

(f) For fiscal year 2017-2018 and each second succeeding fiscal year thereafter, the Office of Small Business shall increase the amount per full-time equivalent employee (rounded to the nearest dollar) and the amount per square foot (rounded to the nearest cent) in subsections (b)(3) and (c)(3), respectively, of this Section 2A.243, to reflect increases in the Consumer Price Index: All Urban Consumers for the San Francisco/Oakland/San Jose Area for All Items as reported by the United States Bureau of Labor Statistics, or any other index that, in the discretion of the Controller, better reflects increases in commercial rents, for each of the preceding two years. These revised figures shall be used prospectively to calculate grants under subsections (b)(3) and (c)(3) of this Section 2A.243.

(g) The Board of Supervisors may, without a vote of the people, amend this Section 2A.243 to increase the amount per full-time equivalent employee and the amount per square-foot in subsections (b)(3) and (c)(3) of this Section 2A.243, or to change the metric by which grants are made to Qualified Legacy Businesses and Qualified Landlords consistent with the purposes enumerated in subsection (a) of this Section 2A.243.

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Section 3. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of the ordinance. The People of the City and County of San Francisco hereby declare that they would have passed this ordinance and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this ordinance or application thereof would be subsequently declared invalid or unconstitutional.

Section 4. No Conflict with Federal or State Law. Nothing in this ordinance shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any federal or state law.

Section 5. Undertaking for the General Welfare. In enacting and implementing this ordinance, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

Section 6. Effective Date. The effective date of this ordinance shall be ten days after the date the official vote count is declared by the Board of Supervisors.

Section 7. Scope of Ordinance. In enacting this ordinance, the People of the City and County of San Francisco intend to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any


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other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions or deletions, in accordance with the "Note" that appears under the official title of the ordinance.

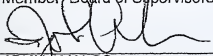
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SUBMITTED.



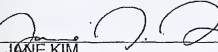
DAVID CAMPOS
Member, Board of Supervisors

Date: 6-8-15



JOHN AVALOS
Member, Board of Supervisors

Date: 6-8-15



JANE KIM
Member, Board of Supervisors

Date: 6/8/15



ERIC L. MAR
Member, Board of Supervisors

Date: 6/9/15



SMALL BUSINESS COMMISSION
DRAFT MEETING MINUTES



Monday, June 22, 2015

2:00 P.M.

CITY HALL, ROOM 400

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

GOVERNMENT
DOCUMENTS

SMALL BUSINESS COMMISSIONERS

Mark Dwight, President

Monetta White, Vice President

Stephen Adams, Kathleen Dooley, William Ortiz-Cartagena

Irene Yee Riley, Paul Tour-Sarkissian

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1. Call to order and roll call.

The meeting was called to order at 2:00 PM. Commissioners Dwight, Adams, Tour-Sarkissian, Ortiz-Cartagena and Yee-Riley were present. Commissioner White arrived at 2:09 PM and Commissioner Dooley arrived at 2:11 PM.

2. General Public Comment: (Discussion Item)

General Public Comment was called for and no members of the public requested to speak.

3. Approval of the June 8, 2015 regular meeting minutes. (Action Item)

Motion: Commissioner Adams motioned to adopt the meeting minutes.

2nd: Commissioner Tour-Sarkissian

Aye: Commissioners Adams, Dwight, Ortiz-Cartagena, Yee-Riley, and Tour-Sarkissian

Nay: None

Absent: Commissioners White and Dooley

4. Discussion and possible action to make recommendations to the Board of Supervisors (BOS) on BOS File No. 150465 [Planning Code - Accessory Use Entertainment in Specified Western South of Market Districts] (Discussion and Possible Action)

Presentation by: April Veneracion, Legislative Aide to Supervisor Jane Kim

Ms. Veneracion spoke as to amending the Planning Code to allow Limited Live Performances in the Western South of Market Mixed Use General and Regional Commercial Districts. She mentioned The Small Business Commission recommended modification of the original Limited Live Performance Permit ordinance in June 2011 to include the areas being added by this legislation. She also showed a map overhead to illustrate the geography of the proposal and spoke to successes associated with LLP.

Public comment was called for and no members of the public requested to speak.

Public comment was closed.

Motion: Commissioner Adams made a motion to support and thanked Supervisor Kim for the creation of the LLP.

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2nd: Commissioner Yee-Riley.

Aye: Commissioners Adams, Dwight, Ortiz-Cartagena, Yee-Riley, Tour-Sarkissian, White and Dooley.

Nay: None.

5. Informational Presentation of File No. 150633 [Hearing – Initiative Ordinance – Administrative Code – Establishing the Legacy Business Historic Preservation Fund] (Discussion Item)

Presentation by Hillary Ronen, Legislative Aide to Supervisor David Campos

Executive Director Dick-Endrizzi reminded Commissioners this was an informational presentation only.

Ms. Ronen provided information regarding the recently passed Legacy Business Register legislation, and the pending Legacy Business Preservation Fund Ballot Measure. She noted how a business qualifies and the role of the Small Business Commission. In regards to the Legacy Business Preservation Fund, she explained the 2 aspects – the Legacy Business Assistance Account, and the Legacy Business Stabilization Account.

Commissioners Dooley, Dwight, Yee-Riley and Tour-Sarkissian asked various questions related to the register and preservation fund.

Public comment was called for.

Anthony Veerkamp, Mike Buhler, Isabel Fondevila, Gabe Ferroni, Martha Sanchez, Erick Arguello, Marie Sorenson and Clyde Colen spoke in favor.

Public comment was closed.

Commissioner Dwight noted this was a legislative item and therefore precluded Commissioners from expressing their opinion about the matter, and thanked everyone for their participation in the discussion.

6. Presentation and Discussion of Working Solutions Micro Loan program update. (Discussion Item)

Presentation by Emily Gasner, CEO, Working Solutions

Ms. Gasner explained Working Solutions is a nonprofit Community Development Financial Institution that provides \$5000 to \$50,000 microloans combined with free coaching and consulting for the loan life. Their goal is to help new and existing businesses grow and thrive. She noted that 87% of their clients are low and moderate income entrepreneurs, and that they have a 97% repayment rate. She thanked the Office of Small Business and OEWD for their participation as partners.

Executive Director Dick-Endrizzi and Commissioners Ortiz-Cartagena, White and Yee-Riley expressed their gratitude for the services Working Solutions offers.

Public comment was called for and no members of the public requested to speak.

Public comment was closed.

Commissioner Dwight thanked Ms. Gasner for her presentation.

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7. Discussion and possible action. Analysis of the State and Local Paid Sick leave laws. (Discussion and possible action)

Executive Director Dick-Endrizzi presented a comparison and contrast between the new Paid Sick Leave Law effective July 1, 2015 versus the existing San Francisco Paid Sick Leave ordinance from 2007.

Commissioners Dwight, White, Adams, Tour-Sarkissian offered comment and had questions regarding certain items. Staff was directed to provide further clarification on the laws potential effects and how to comply, and will report at a future meeting.

Public comment was called for.

Jim Lazarus and Scott Hauge spoke.

Commissioner Dwight asked follow up questions with the public speakers and public comment was closed.

Commissioner Dwight noted several points required further clarification for all small businesses, including vacation time. He then closed the item as a point of discussion.

8. Discussion on the Legacy Business Registry. (Discussion item)

Executive Director Dick-Endrizzi summarized the Registry program and the Ballot Measure's potential changes upon administration of the Registry, should the Ballot Measure pass.

Commissioners asked various questions and made various comments regarding the Registry and potential Preservation Fund, and the role of SBC in qualifying businesses for the Registry.

Public comment was called for and no members of the public requested to speak.

Public comment was closed.

9. Director's Report: (Discussion Item)

Director Dick-Endrizzi spoke about the Mayor's Budget for Small Businesses, ADA compliance, the Buy Local Initiative, and Startup in a Day Initiative. She stated the Service Station Bathroom Enforcement Requirements legislation heard previously has been continued by Supervisor Kim, and noted various department fee changes.

10. President's Report: (Discussion Item)

Commissioner Dwight noted attending a meeting at San Francisco Chamber regarding purchasing local and SFBiz Connect and noted some skepticism about it that he encountered. He suggested the Commission do what it can to promote successes with SFBiz Connect and help create a snowball effect.

11. Vice President's Report: (Discussion Item)

Commissioner Dwight attended a San Francisco African American Chamber luncheon and SBN dinner where she and Commissioner Adams received awards.

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12. Commissioner Reports: (Discussion Item)

Commissioner Adams thanked Commissioner Dwight for the presentation of his award and his introduction at SBN awards. Commissioner Dwight in turn thanked Commissioners Adams and White for the good work that they do.

13. New Business: (Discussion Item)

Commissioner Dooley suggested a follow up presentation on North Beach/Telegraph Hill commercial vacancies to the last one in 2008. Executive Director Dick-Endrizzi said she would talk to DBI to try and determine who could present to the Commission on the topic.

14. Adjournment (Action Item)

The meeting was adjourned at 4:41 PM.

Public Comment will be taken before or during the Small Business Commission's consideration of each agenda item. Speakers are requested but not required to complete a speaker card and state their names, which will help ensure proper spelling of speakers' names in the written record of the meeting.

Explanatory Documents: Copies of proposed legislation listed in this agenda, and other related materials received by the SBC after the posting of the agenda, are available for public inspection and/or copying at City Hall Room 110. Please call (415) 554-6134 to make arrangements for pick up or review.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that city operations are open for the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at (415) 554-6083. To obtain a free copy of the Sunshine Ordinance contact:

City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4683
Office: (415) 554-7724
Fax: (415) 554-5163
E-Mail:

soff@sfgov.org

Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

Cell Phone and/or Sound-Producing Electronic Device Usage at Hearings

Effective January 21, 2001, the Board of Supervisors amended the Sunshine Ordinance by adding the following provision: The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

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Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART Station is the Civic Center station located at the intersection of Market, Hyde and Grove Streets. Accessible MUNI lines serving City Hall include 5 Fulton and 49 Mission/Van Ness, and all Metro lines servicing the Metro station at Van Ness and Market. For more information about MUNI accessible services, call (415) 923-6142. Accessible parking in the vicinity of City Hall is available adjacent to Davies Hall and the War Memorial Complex, and also in the Civic Center Garage (355 McAllister Street) and Performing Arts Garage (360 Grove Street). American Sign Language interpreters and/or a sound enhancement system will be available upon request by contacting Milton Edelin at (415) 558-6410 at least 72 hours prior to a hearing. Individuals with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities should call the accessibility hotline at (415) 554-8925 to discuss meeting accessibility. In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

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Chemical Sensitivity

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